

MINISTRY OF ECONOMIC DEVELOPMENT
AND TRADE OF UKRAINE

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Ukraine: DEVELOPMENT PROSPECTS

CONSENSUS FORECAST

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The publication contains materials presented during the seminar on macroeconomic forecasting held on 5 September 2014.

Seminars on forecasting aim to improve the quality of macroeconomic forecasts by means of expert discussions (current economic tendencies, results of research, of forecasts), achieving the consensus concerning the prospective vision of further ways of the country’s development, and exchange information among major forecasting organizations (governmental institutions, international financial organizations, scientific research institutes, analytical centres, nongovernmental organizations, etc.).

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The opinions, findings, conclusions or recommendations expressed in this publication are those of the authors and do not necessarily represent the views of the UNDP.

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Consensus Forecast is an “averaged” value of the most important forecast economic development indicators of Ukraine calculated on the basis of expert estimates provided by participants of the Consensus Forecast survey. The consensus forecast for 2013–2014 presented in the publication has been calculated on the basis of materials provided by the experts of the Ministry of Economic Development and Trade of Ukraine, GI “Institute for Economics and Forecasting of the National Academy of Sciences of Ukraine”, Economic Research Institute, Institute for Economic Research and Policy Consulting, Institute for Evolutionary Economics, G. M. Dobrov Center for Studying R&D Potential and Science History, Taras Shevchenko National University of Kyiv, International Centre for Policy Studies, CASE Ukraine, Raiffeisen Bank Aval, The Bleyzer Foundation, Dragon Capital, FOREX CLUB in Ukraine, AYA Capital and State enterprise “Ukrainian Industrial External Expertize”.

The Consensus Forecast is based on the consultations and discussions with the experts. We would like to highlight that all the forecast indicators presented by the participants of the seminar are only independent expert estimates and not official forecasts of the relevant institutions.

We express deep gratitude to all the experts who participated in the Consensus Forecast initiative.

Table 1

Main Macroeconomic Indicators For 2008–2013

Indicator	Year	2008	2009	2010	2011	2012	2013
Real sector, UAH mln							
Nominal GDP		948 056	913 345	1 082 569	1 302 079	1 411 238	1 454 931
Consumption		758 902	772 826	914 230	1 113 008	1 247 293	1 350 220
Investments		264 883	155 815	199 918	270 019	278 428	228 474
Net export of goods and non-factorial services		-75 729	-15 296	-31 579	-80 948	-114 483	-123 763
Index, year to year							
Actual GDP		102,3	85,2	104,1	105,2	100,3	100,0
Consumption		110,1	87,8	106,4	111,1	107,9	105,6
Gross accumulation of the fixed capital		98,8	49,5	103,9	107,1	102,8	93,4
Exports of goods and services		105,7	78,0	103,9	104,3	92,8	91,2
Imports of goods and services		117,0	61,1	111,3	117,7	101,8	94,1
Inflation, index							
Consumer price index (annual average)		125,2	115,9	109,4	108,0	100,6	99,7
Dec. versus Dec. of the previous year		122,3	112,3	109,1	104,6	99,8	100,5
Producer price index (annual average)		135,5	106,5	120,9	119,0	103,7	99,9
Dec. versus Dec. of the previous year		123,0	114,3	118,7	114,2	100,3	101,7
External sector, USD mln							
Current account		-12 763	-1 732	-3 018	-10 245	-14 315	-16 355
Exports of goods and services		85 612	54 253	69 255	88 844	90 035	85 312
Imports of goods and services		-99 962	-56 206	-73 239	-99 001	-104 361	-100 796
Foreign direct investments		9 903	4 654	5 759	7 015	6 627	3 351
External sector, USD mln							
Current account		-7,1	-1,5	-2,2	-6,3	-8,1	-9,0
Exports of goods and services		47,6	46,3	50,8	54,5	51,1	46,9
Imports of goods and services		-55,6	-47,9	-53,7	-60,8	-59,2	-55,4
Foreign direct investments		5,5	4,0	4,2	4,3	3,8	1,8
External sector, % year to year (nominal)							
Exports of goods and services		133,8	63,4	127,7	128,3	101,3	94,8
Imports of goods and services		138,5	56,2	130,3	135,2	105,4	96,6
Rate of exchange, UAH/USD							
Average		5,27	7,79	7,94	7,97	7,99	7,99
End of period		7,70	7,99	7,96	7,99	7,99	7,99
Consolidated budget, UAH mln							
All revenues		297 845	272 967	314 506	398 554	445 525	442 789
All expenditures (including lending)		312 028	310 225	379 191	421 612	492 454	505 844
Total balance		-14 183	-37 258	-64 685	-23 058	-46 929	-63 590
Privatisation		482	808	1 093	11 480	6 763	1 480
Consolidated budget, % of GDP							
All revenues		31,4	29,9	29,1	30,6	31,6	30,4
All expenditures (including lending)		32,9	34,0	35,0	32,3	35,0	34,8
Total balance		-1,5	-4,1	-5,9	-1,8	-3,3	-4,4
Privatisation		0,05	0,1	0,1	0,9	0,5	0,1
Money and credit							
Base money (as of the end of period), UAH mln		186 671	194 965	225 692	239 885	255 283	307 218
Dec. versus Dec. of the previous year, %		31,6	4,4	15,8	6,3	6,4	20,3
Money Supply (M3) (as of the end of period), UAH mln		515 727	487 298	597 872	685 515	773 199	909 074
Dec. versus Dec. of the previous year, %		30,2	-5,5	22,7	14,7	12,8	17,6
Monthly average wage of workers, UAH							
		1 806	1 906	2 239	2 633	3 026	3 265
Nominal adjusted to the CPI, % to previous year							
		106,8	91,0	109,7	108,9	114,2	108,2

Table 2

Dynamics Of The Consensus Forecast For 2012 (March 2011 – November 2012)

Indicator	Year	2012 report	March 2011	Deviation (March 2011 / Report 2012)	April 2012	Deviation (March 2012 / Report 2012)	November 2012	Deviation (November 2012 / Report 2012)
Real sector, UAH mln								
Nominal GDP		1 411 238	1 268 997	–10,1%	1 479 807	+4,9%	1 567 777	+11,1%
Consumption		1 247 293	1 050 248	–15,8%	1 233 219	–1,1%	1 374 505	+10,2%
Investments		278 428	257 366	–7,6%	329 075	+18,2%	309 113	+11,0%
Net export of goods and non-factorial services		–114 483	–36 431	+78 052	–82 551	+31 932	–101 273	+13 210
Index, year to year								
Actual GDP		100,3	104,6	+4,3 p.p.	103,2	+2,9 p.p.	102,9	+2,6 p.p.
Consumption		107,9	104,3	–3,6 p.p.	104,6	–3,3 p.p.	103,5	–4,4 p.p.
Investments		102,8	111,3	+8,5 p.p.	104,2	+1,4 p.p.	101,8	–1,0 p.p.
Inflation, index								
Consumer price index (annual average)		100,6	110,3	+9,7 p.p.	105,3	+4,7 p.p.	106,9	+6,3 p.p.
Dec. versus Dec. of the previous year		99,8	111,1	+11,3 p.p.	108,0	+8,2 p.p.	107,1	+7,3 p.p.
Producer price index (annual average)		103,7	116,3	+12,6 p.p.	108,6	+4,9 p.p.	109,1	+5,4 p.p.
Dec. versus Dec. of the previous year		100,3	116,5	+16,2 p.p.	110,5	+10,2 p.p.	108,4	+8,1 p.p.
External sector, USD mln								
Current account		–14 315	–3 650	–10 665	–9 657	–4 658	–11 483	–2 832
Exports of goods and services		90 035	80 627	–10,4%	95 492	+6,1%	97 584	+8,4%
Imports of goods and services		–104 361	–85 178	–18,4%	–105 498	+1,1%	–109 959	+5,4%
Foreign direct investments		6 627	6 348	–279	6 070	–557	6 334	–293
External sector, % of GDP								
Current account		–8,1	–2,3	–5,8 p.p.	–5,3	–2,8 p.p.	–6,3	–1,8 p.p.
Exports of goods and services		51,1	50,5	–0,6 p.p.	52,2	+1,1 p.p.	53,2	+2,1 p.p.
Imports of goods and services		–59,2	–53,4	–5,8 p.p.	–57,7	–1,5 p.p.	–59,9	+0,7 p.p.
Foreign direct investments		3,8	4,0	+0,2 p.p.	3,3	–0,5 p.p.	3,5	–0,3 p.p.
External sector, % year to year (nominal)								
Exports of goods and services		101,3	117,8	+16,5 p.p.	110,1	+8,8 p.p.	107,5	+6,2 p.p.
Imports of goods and services		105,4	117,9	+12,5 p.p.	110,5	+5,1 p.p.	106,0	+0,6 p.p.
Rate of exchange, UAH/USD								
Average		7,99	7,95	–0,5%	8,10	+1,4%	8,55	+7,0%
End of period		7,99	8,00	+0,1%	8,34	+4,4%	8,81	+10,3%
Consolidated budget, UAH mln								
All revenues		445 525	372 637	–16,4%	439 922	–1,3%	494 811	+11,1%
All expenditures (including lending)		492 454	419 387	–14,8%	470 237	–4,5%	521 803	+6,0%
Total balance		–46 929	–46 750	–179	–30 315	–16 614	–26 992	–19 937
Privatisation		6 763	10 683	+58,0%	9 500	+40,5%	9 278	+37,2%
Consolidated budget, % of GDP								
All revenues		31,6	29,4	–2,2 p.p.	29,7	–1,9 p.p.	31,6	+0 p.p.
All expenditures (including lending)		35,0	33,0	–2,0 p.p.	31,8	–3,2 p.p.	33,3	–1,7 p.p.
Total balance		–3,3	–3,7	+0,4 p.p.	–2,0	–1,3 p.p.	–1,7	–1,6 p.p.
Privatisation		0,5	0,8	+0,3 p.p.	0,6	+0,1 p.p.	0,6	+0,1 p.p.
Money and credit								
Base money (as of the end of period), UAH mln		255 283	258 721	+1,3%	266 850	+4,5%	291 024	+14 %
Dec. versus Dec. of the previous year, %		6,4	14,3	+7,9 p.p.	11,2	+4,8 p.p.	10,0	+3,6 p.p.
Money Supply (M3) (as of the end of period), UAH mln		773 199	706 572	–8,6%	748 349	–3,2%	855 289	+10,6%
Dec. versus Dec. of the previous year, %		12,8	18,5	+5,7 p.p.	9,2	–3,6 p.p.	12,8	0,0 p.p.
Monthly average wage of workers, UAH		3 026	2 523	–16,6%	2 991	–1,2%	3 384	+11,8%

Table 3

Dynamics Of The Consensus Forecast For 2013 (April 2012 – December 2013)

Indicator	Year	2013 report	April 2012	Deviation (April 2012 / Report 2013)	April 2012	Deviation (April 2013 / Report 2013)	December 2013	Deviation (December 2013 / Report 2013)
Real sector, UAH mln								
Nominal GDP		1 454 931	1 479 807	+1,7%	1 690 117	+16,2%	1 560 924	+7,3%
Consumption		1 350 220	1 233 219	-8,7%	1 497 200	+10,9%	1 417 377	+5,0%
Investments		228 474	329 075	+44%	315 950	+38,3%	253 231	+10,8%
Net export of goods and non-factorial services		-123 763	-82 551	+41 212	-112 581	+11 182	-122 339	+1 424
Index, year to year								
Actual GDP		100	103,2	+3,2 p.p.	103,3	+3,3 p.p.	101,5	+1,5 p.p.
Consumption		105,6	104,6	-1,0 p.p.	105,1	-0,5 p.p.	102,8	-2,8 p.p.
Investments		93,4	104,2	+10,8 p.p.	104,5	+11,1 p.p.	103,4	+10,0 p.p.
Inflation, index								
Consumer price index (annual average)		99,7	105,3	+5,6 p.p.	105,9	+6,2 p.p.	103,9	+4,2 p.p.
Dec. versus Dec. of the previous year		100,5	108,0	+7,5 p.p.	106,1	+5,6 p.p.	105,0	+4,5 p.p.
Producer price index (annual average)		99,9	108,6	+8,7 p.p.	107,7	+7,8 p.p.	105,9	+6,0 p.p.
Dec. versus Dec. of the previous year		101,7	110,5	+8,8 p.p.	108,0	+6,3 p.p.	107,2	+5,5 p.p.
External sector, USD mln								
Current account		-16 355	-9 657	-6 698	-12 698	-3 657	-13 876	-2 479
Exports of goods and services		85 312	95 492	+11,9%	99 191	+16,3%	90 351	+5,9%
Imports of goods and services		-100 796	-105 498	+4,7%	-112 113	+11,2%	-104 266	+3,4%
Foreign direct investments		3 351	6 070	+2 719	7 021	+3 670	5 592	+2 241
External sector, % of GDP								
Current account		-9	-5,3	-3,7 p.p.	-6,5	-2,5 p.p.	-7,5	-1,5 p.p.
Exports of goods and services		46,9	52,2	+5,3 p.p.	51,7	+4,8 p.p.	48,7	+1,8 p.p.
Imports of goods and services		-55,4	-57,7	+2,3 p.p.	-57,6	+2,2 p.p.	-56,2	+0,8 p.p.
Foreign direct investments		1,8	3,3	+1,5 p.p.	3,6	+1,8 p.p.	3	+1,2 p.p.
External sector, % year to year (nominal)								
Exports of goods and services		94,8	110,1	15,3 p.p.	107,6	12,8 p.p.	105,5	+10,7 p.p.
Imports of goods and services		96,6	110,5	13,9 p.p.	106,2	9,6 p.p.	105,2	+8,6 p.p.
Rate of exchange, UAH/USD								
Average		7,99	8,10	1,4%	8,69	8,8%	8,42	+5,4%
End of period		7,99	8,34	4,4%	8,84	10,6%	8,66	+8,4%
Consolidated budget, UAH mln								
All revenues		442 789	439 922	-0,6%	519 940	+17,4%	468 882	+5,9%
All expenditures (including lending)		505 844	470 237	-7,0%	572 282	+13,1%	521 563	+3,1%
Total balance		-63 590	-30 315	-33 275	-52 342	-11 248	-52 681	-10 909
Privatisation		1 480	9 500	+541,9%	8 645	+484,1%	6 083	+311%
Consolidated budget, % of GDP								
All revenues		30,4	29,7	-0,7 p.p.	30,8	+0,4 p.p.	30,0	-0,4 p.p.
All expenditures (including lending)		34,8	31,8	-3 p.p.	33,9	-0,9 p.p.	33,4	-1,4 p.p.
Total balance		-4,4	-2,0	-2,4 p.p.	-3,1	-1,3 p.p.	-3,4	-1,0 p.p.
Privatisation		0,1	0,6	+0,5 p.p.	0,5	+0,4 p.p.	0,4	+0,3 p.p.
Money and credit								
Base money (as of the end of period), UAH mln		307 218	266 850	-13,1%	304 539	-0,9%	324 952	+5,8%
Dec. versus Dec. of the previous year, %		20,3	11,2	-9,1 p.p.	8,9	-11,4 p.p.	11,9	-8,4 p.p.
Money Supply (M3) (as of the end of period), UAH mln		909 074	748 349	-17,7%	980 018	+7,8%	1 016 466	+11,8%
Dec. versus Dec. of the previous year, %		17,6	9,2	-8,4 p.p.	13,5	-4,1 p.p.	14,7	-2,9 p.p.
Monthly average wage of workers, UAH								
		3 265	2 991	-8,4%	3 605	+10,4%	3 573	+9,4%

SHORT OVERVIEW OF CONSENSUS ASSUMPTIONS

Table 4

Consensus assumptions of macroeconomic forecast

Indicator	Year	2014:				2015:		
		April 2013	August 2013	December 2013	May 2014	September 2014	May 2014	September 2014
GDP, % real change:								
World		3,7	3,4	3,6	3,4	3,3	3,6	3,6
Russian Federation		3,8	3,4	3,0	1,0	0,6	1,6	1,1
USA		2,7	2,6	2,7	2,8	2,4	2,9	3,0
China		8,3	7,9	7,7	7,3	7,4	7,1	7,2
Euro area/EU		1,1	1,0	1,1	1,2	1,1	1,7	1,5
Consumer Price Index, % Dec to Dec:								
World		104,1	104,1	104,0	103,1	103,3	103,8	103,2
Russian Federation		106,3	106,3	106,0	106,5	107,1	106,8	106,9
USA		102,1	102,1	101,9	101,7	101,7	102,1	101,9
China		104,3	103,9	103,8	103,2	103,2	103,4	103,4
Euro area/EU		102,1	102,0	102,0	101,3	101,4	101,7	101,4
Exchange rate, ruble/USD		32,4	32,3	32,7	36,1	36,6	37,5	38,6
Exchange rate, euro/USD		1,3	1,3	1,3	1,4	1,3	1,4	1,3
Natural gas price, USD per 1 thousand cubic meters		419,3	399,1	405,5	398,9	375,4	384,1	372,3
Oil price, USD/barrel (annual average)		109,5	105,9	106,7	105,3	104,7	103,7	112,0
Change in tariffs, % Dec to Dec:								
Natural gas		13,8	14,3	15,6	51,5	55,9	40	41,1
Electricity		11,9	10,0	13,9	23,3	25,8	25	24,3
Water supply (utilities)		13,3	13,8	13,0	16,8	51,3	19,8	19,9
Drainage system (utilities)		11,4	14,4	15,0	14,3	50,6	17,8	21,3
Maintenance of buildings and structures and surrounding areas (rent)		11,3	10,4	13,9	17	35,0	23	20,6
Heating		16,3	15,4	14,5	46,3	45,6	37,9	38,9
Passengers, baggage and freight turnover by rail		13,3	13,3	19,0	23,7	22,8	22	22,0
Public telecommunications services connection		10,0	12,6	8,1	16,4	13,4	16,3	15,8
Other assumptions								
NBU discount rate, %, as of the period end		7,3	7,0	6,4	9,8	12,1	9,9	11,4
Minimum wage, UAH (annual average)		1 361,5	1 278,4	1 277,2	1268,9	1255,5	1358,1	1325,1
Net use of IMF resources by the National Bank of Ukraine, bln. USD		x	x	x	6	4,2	7,9	5,4
Budget revenue from privatization, million UAH		9 950	8 972,5	7 850	4316,5	2981,8	6192,6	5609,1
Gross grain yield, million tons		46,7	50,3	52,0	57,1	59,4	55,4	60,0

FORECAST OF MACROECONOMIC INDICATORS FOR 2014–2015

We call your attention to the fifth version of the Consensus Forecast of the main macro-indicators of Ukraine's economic and social development for 2014 and the second version of the Consensus Forecast of the main macro-indicators of Ukraine's economic and social development for 2015, calculated on the basis of materials provided by the attendees of the seminar (Tables. 9–12).

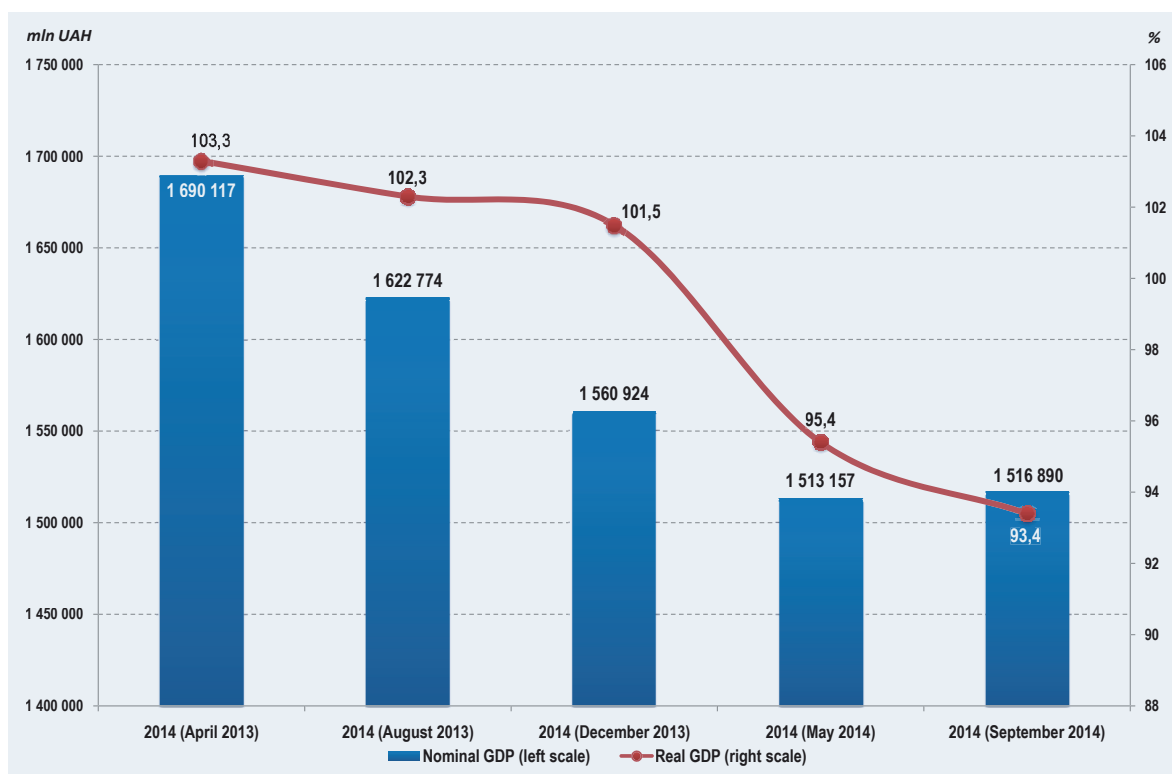


Figure 1. Consensus forecast of nominal and real GDP in 2014

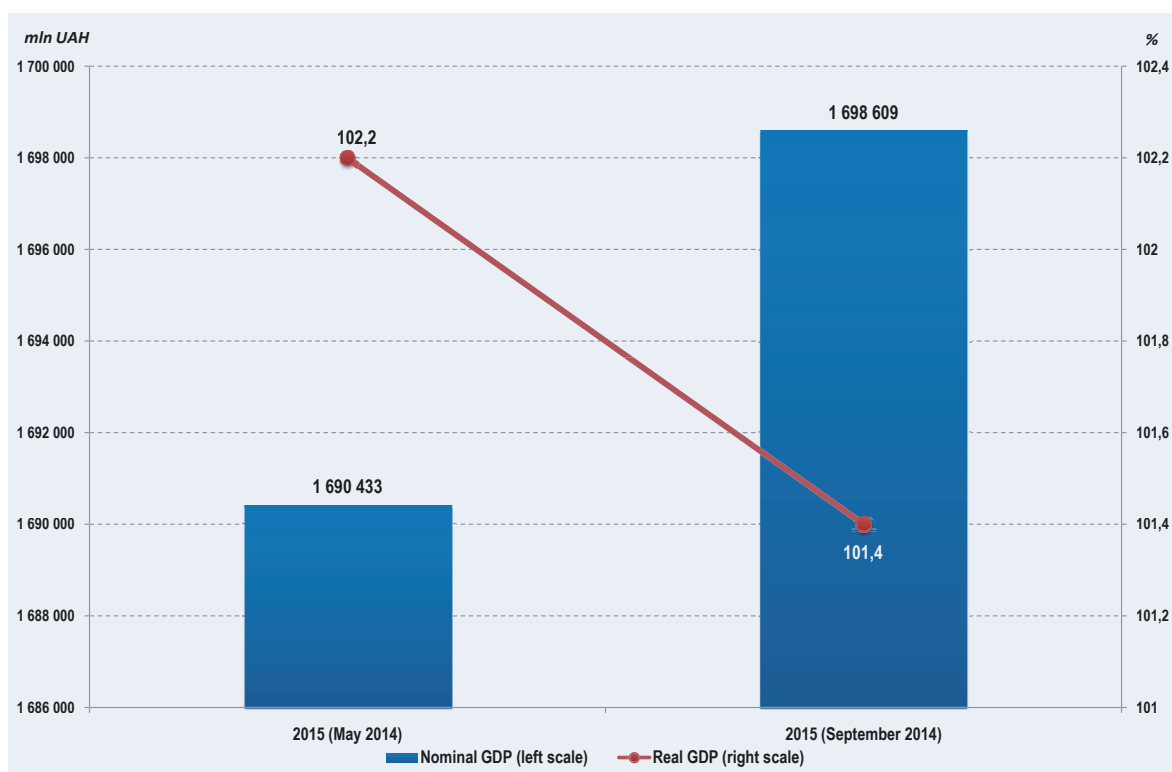


Figure 2. Consensus forecast of nominal and real GDP in 2015

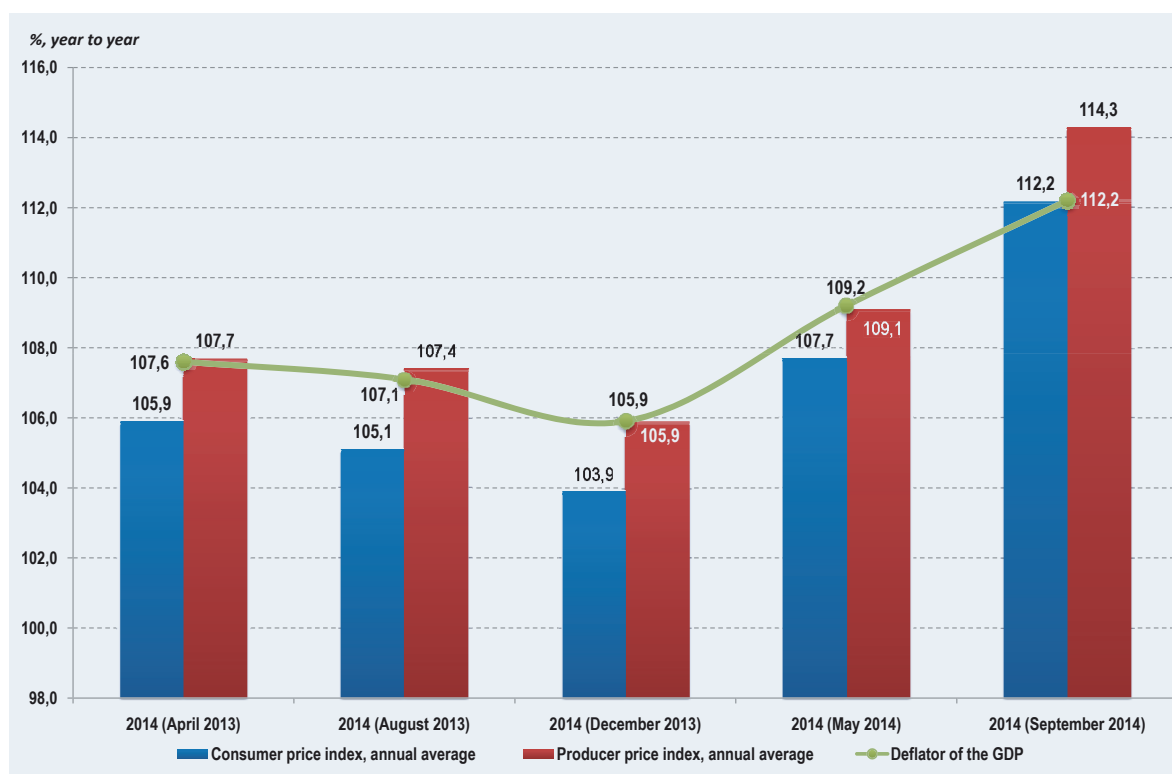


Figure 3. Consensus forecast of price indices for 2014

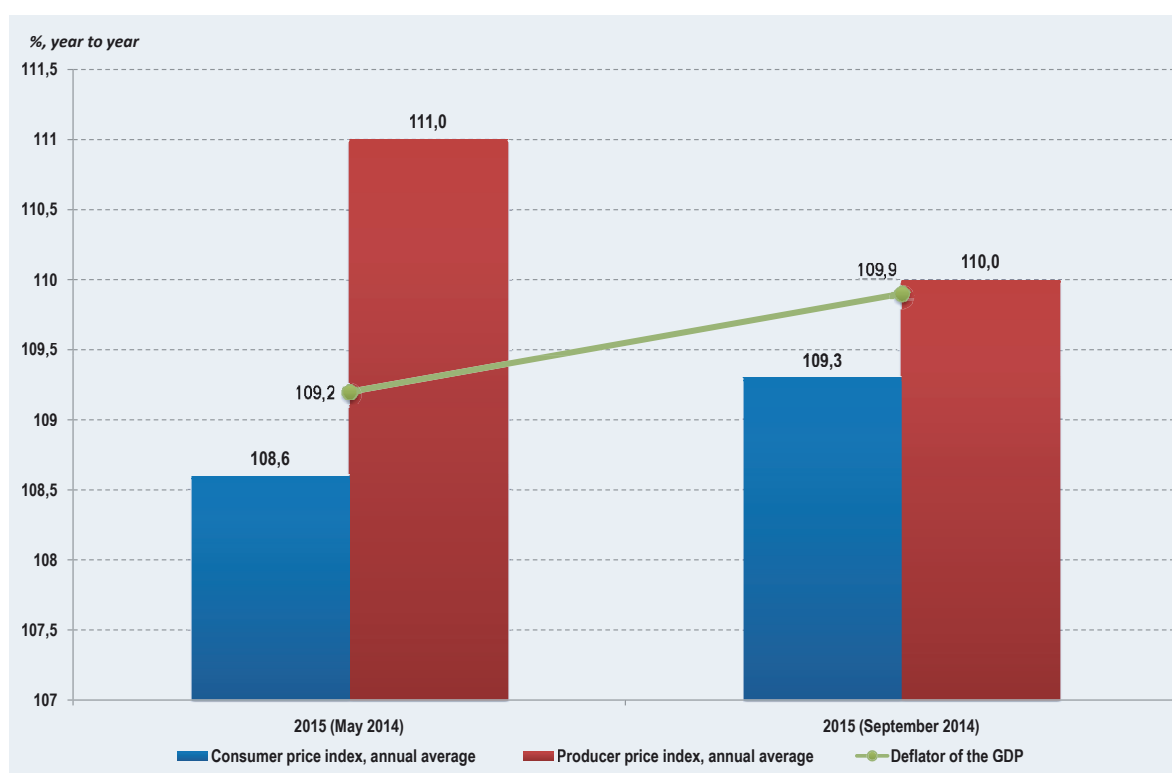


Figure 4. Consensus forecast of price indices for 2015

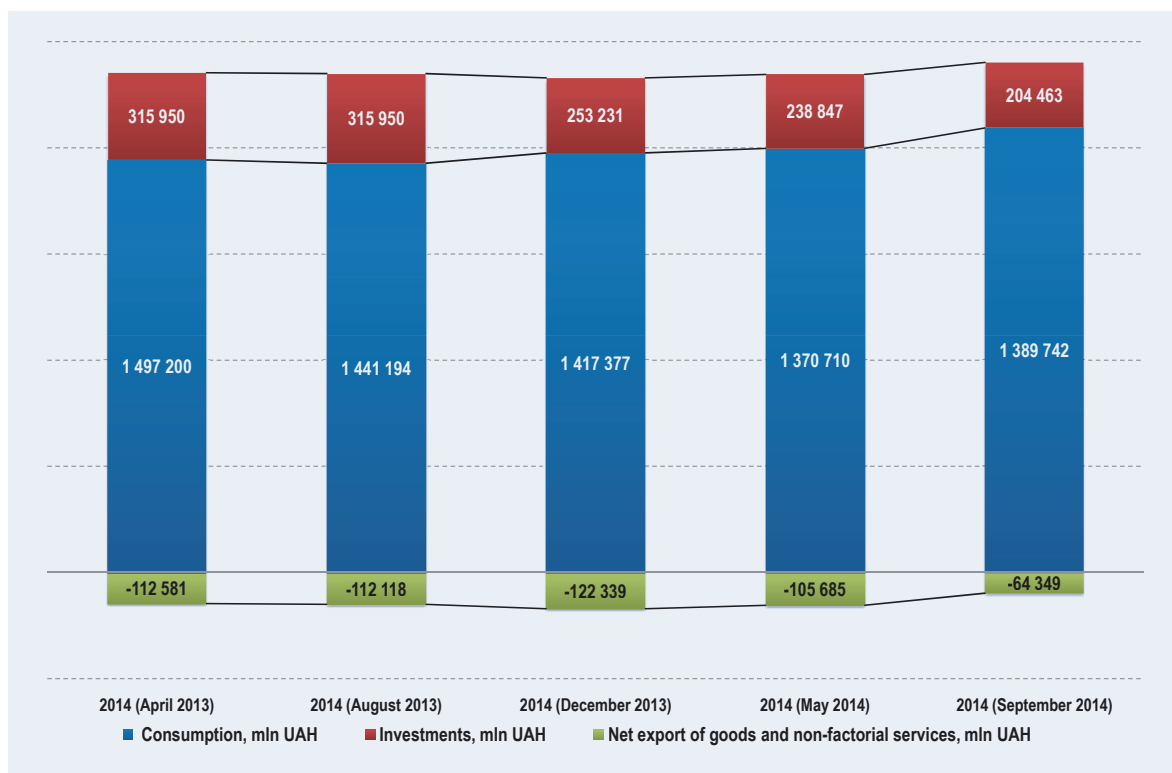


Figure 5. Consensus forecast of main GDP components by end use category in 2014

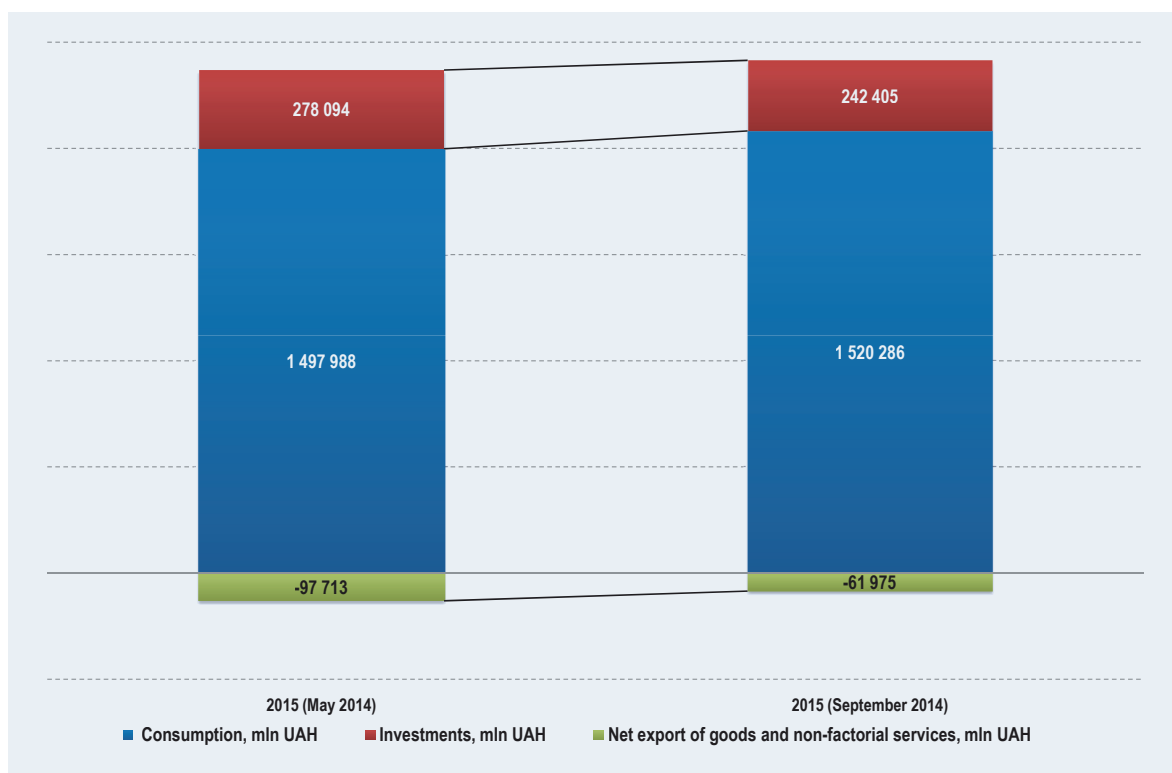


Figure 6. Consensus forecast of main GDP components by end use category in 2015

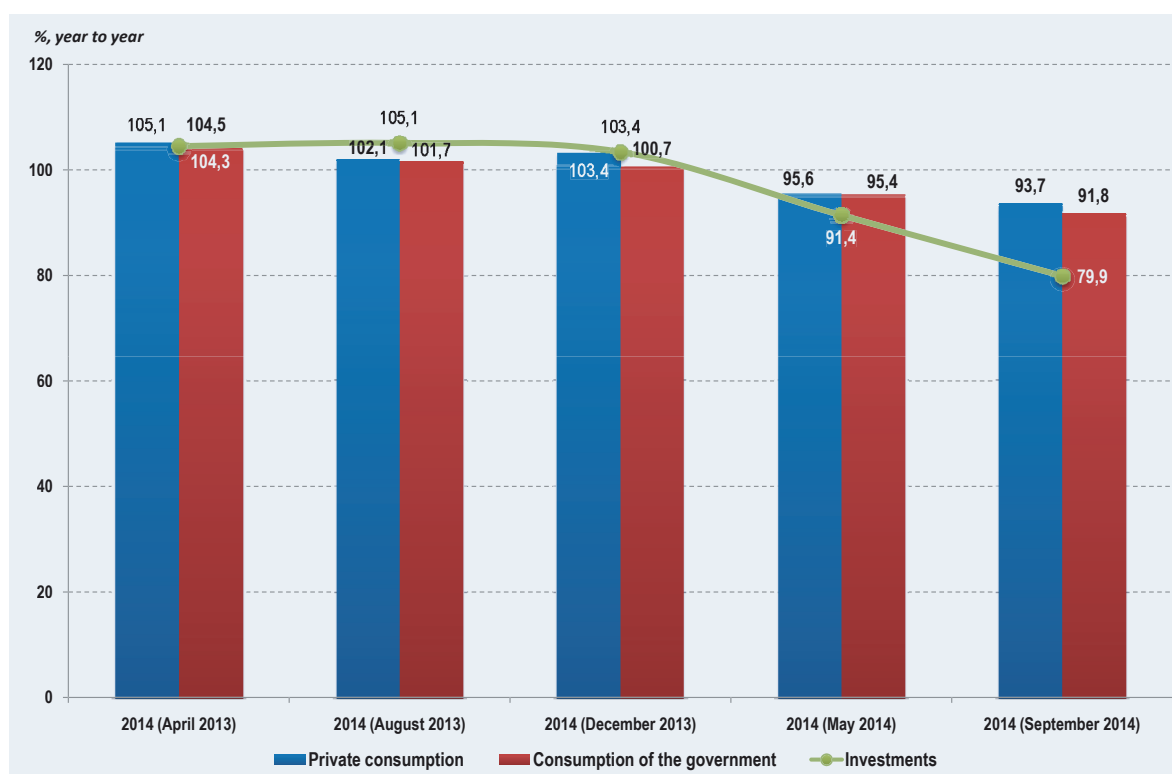


Figure 7. Consensus forecast of private and government consumption and investments in 2014

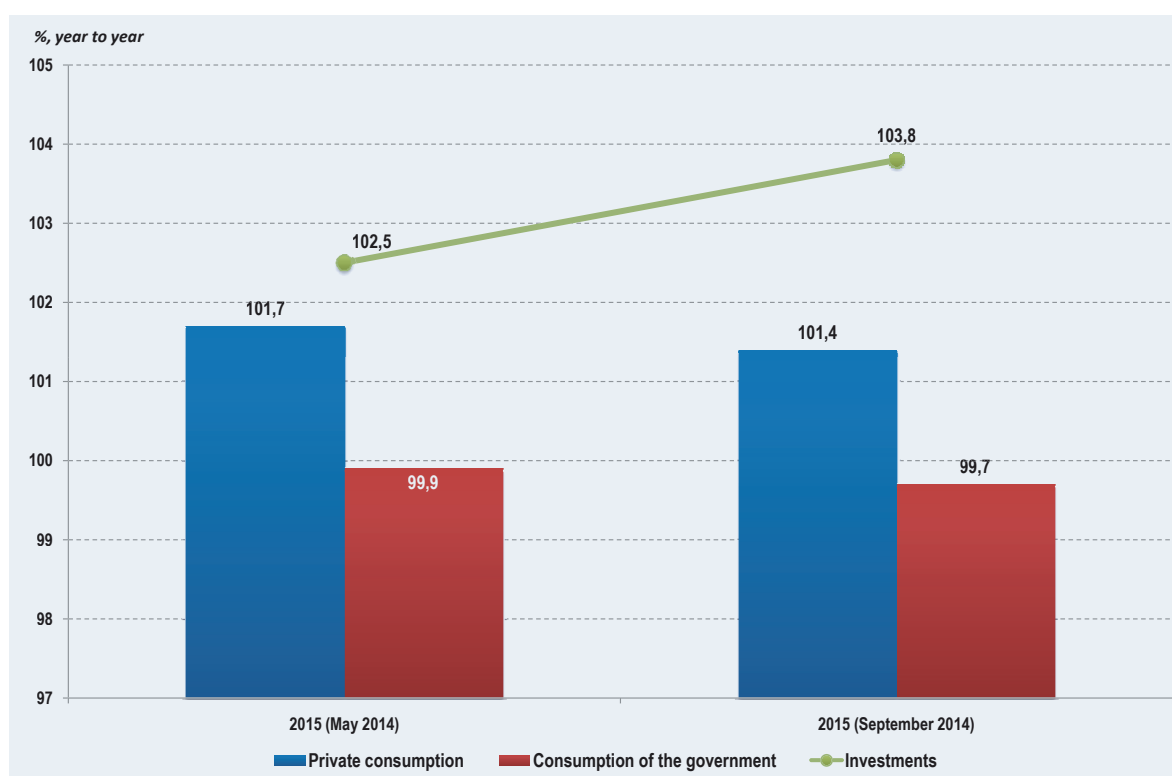


Figure 8. Consensus forecast of private and government consumption and investments in 2015

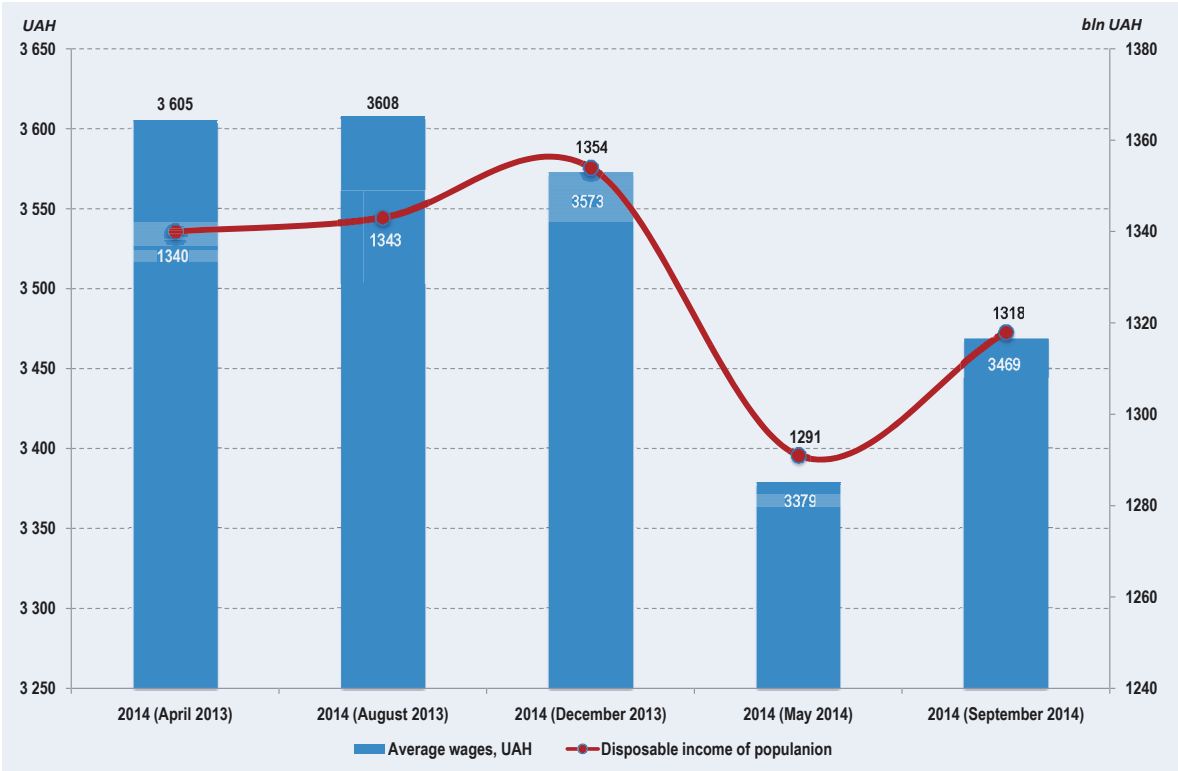


Figure 9. Consensus forecast of average wage and people's disposable income in 2014

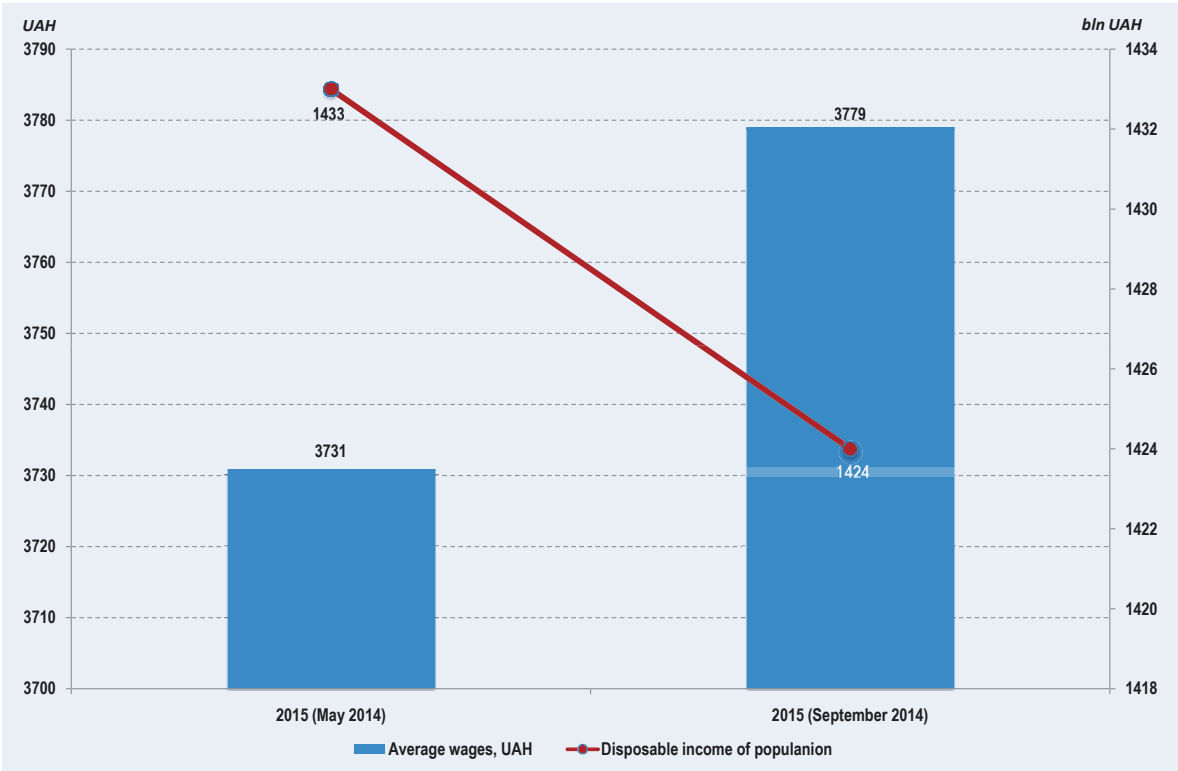


Figure 10. Consensus forecast of average wage and people's disposable income in 2015

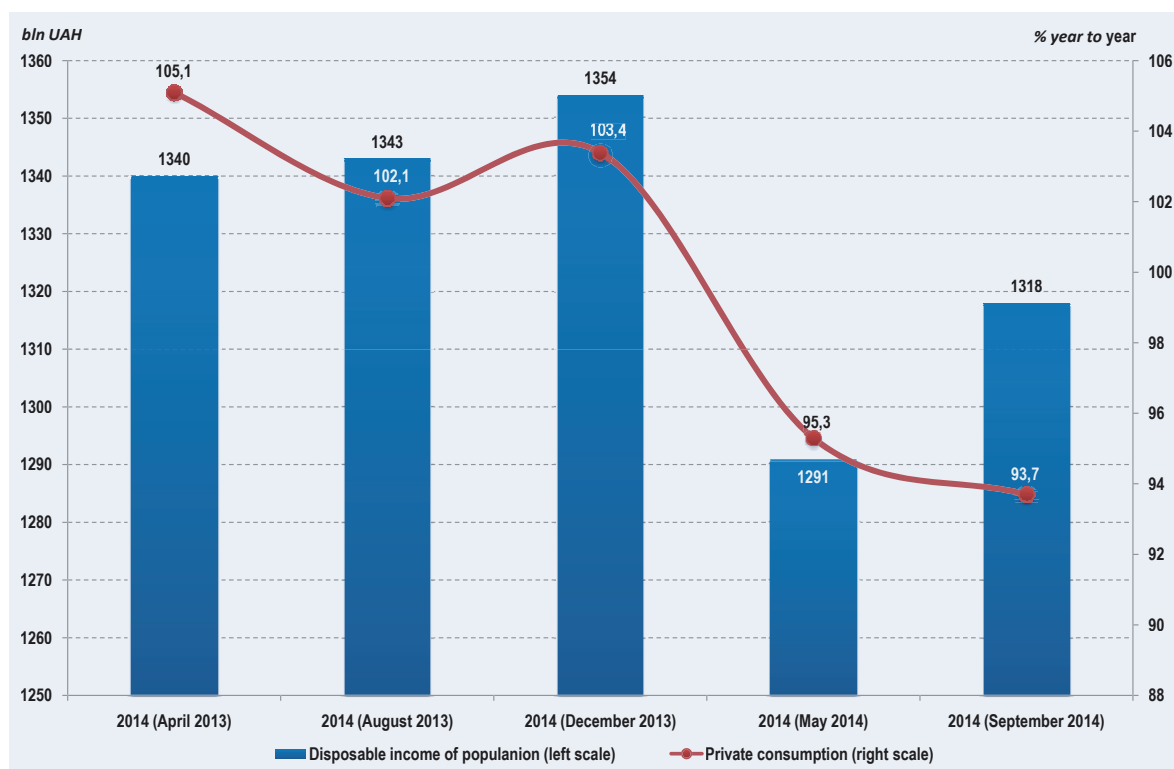


Figure 11. Consensus forecast of growth in people's disposable income and private consumption in 2014

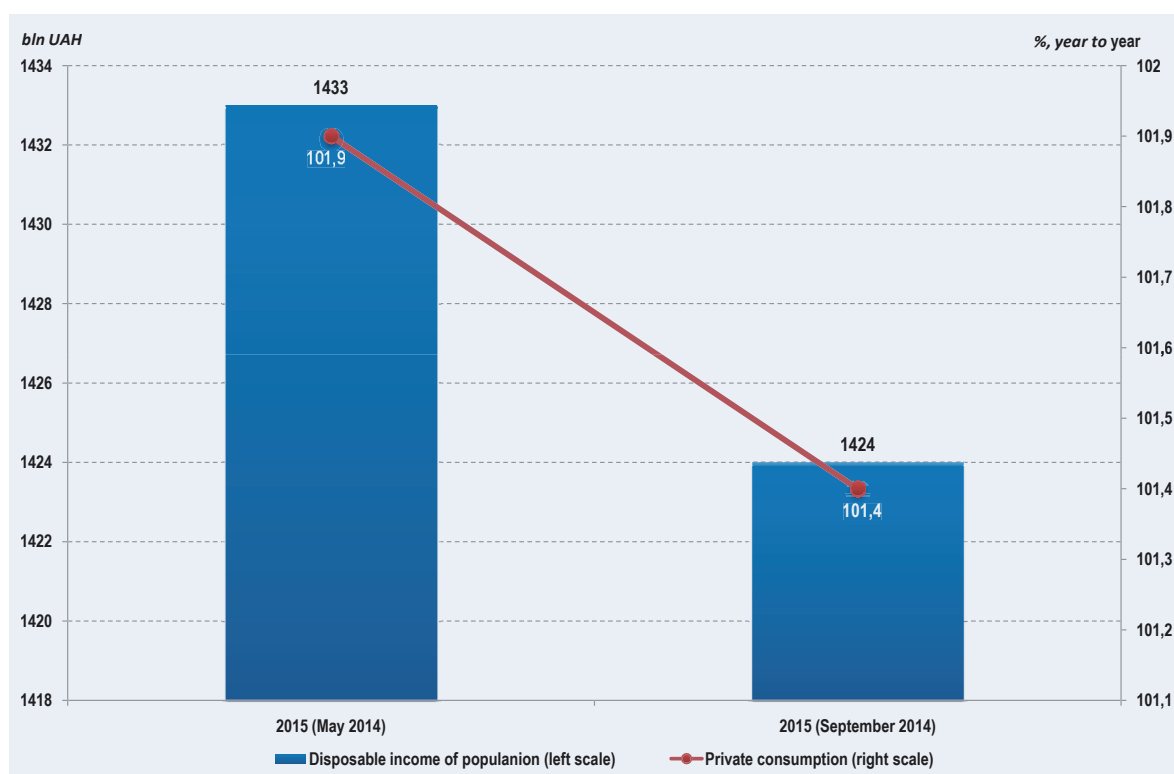


Figure 12. Consensus forecast of growth in people's disposable income and private consumption in 2015

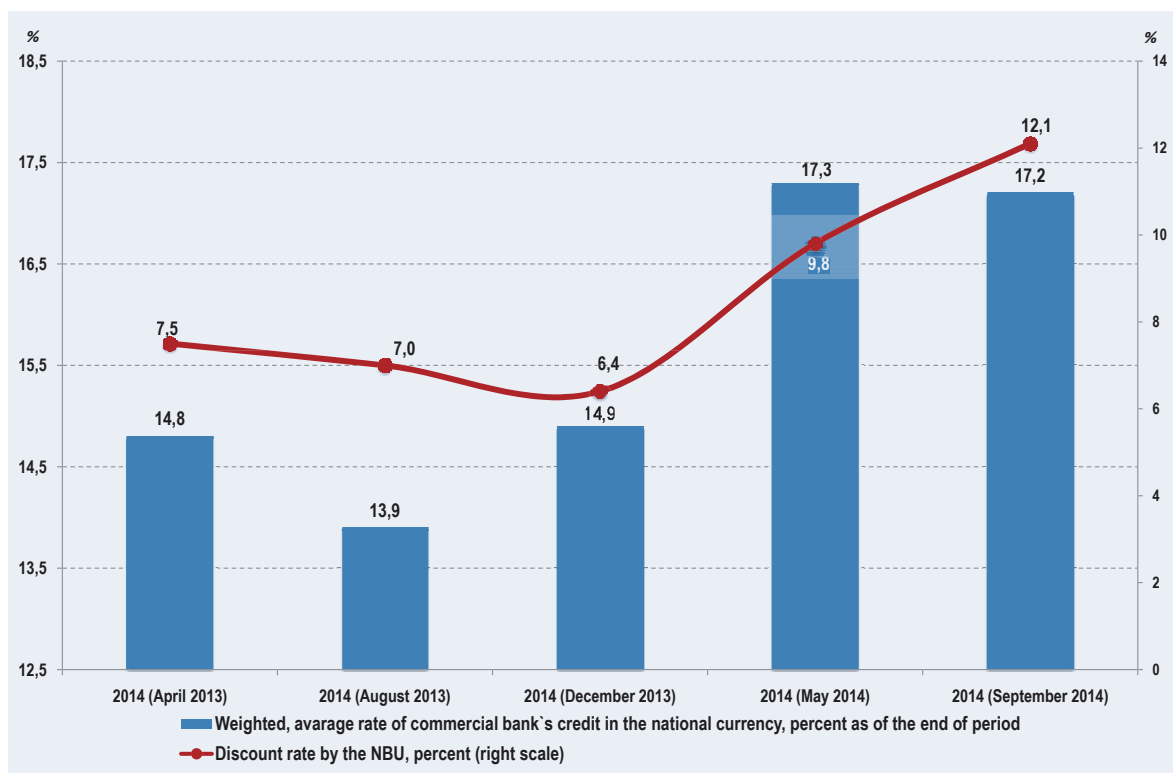


Figure 13. Consensus forecast of banking indicators for 2014

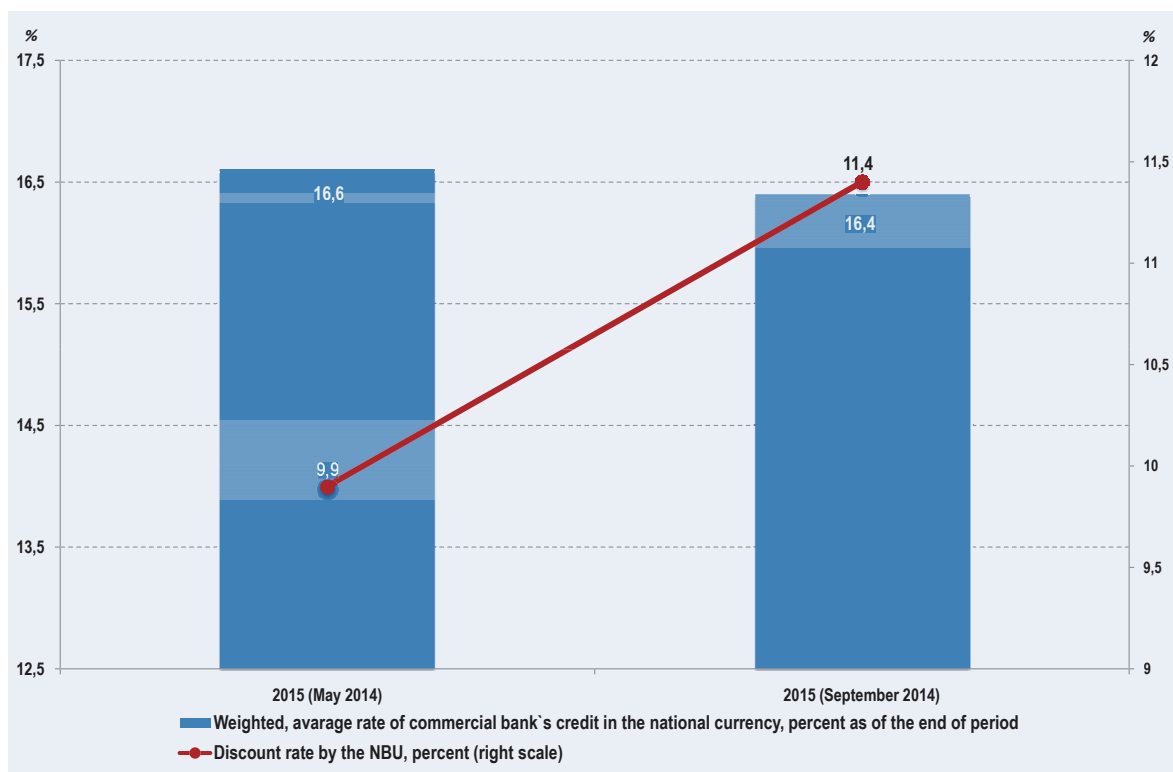


Figure 14. Consensus forecast of banking indicators for 2015

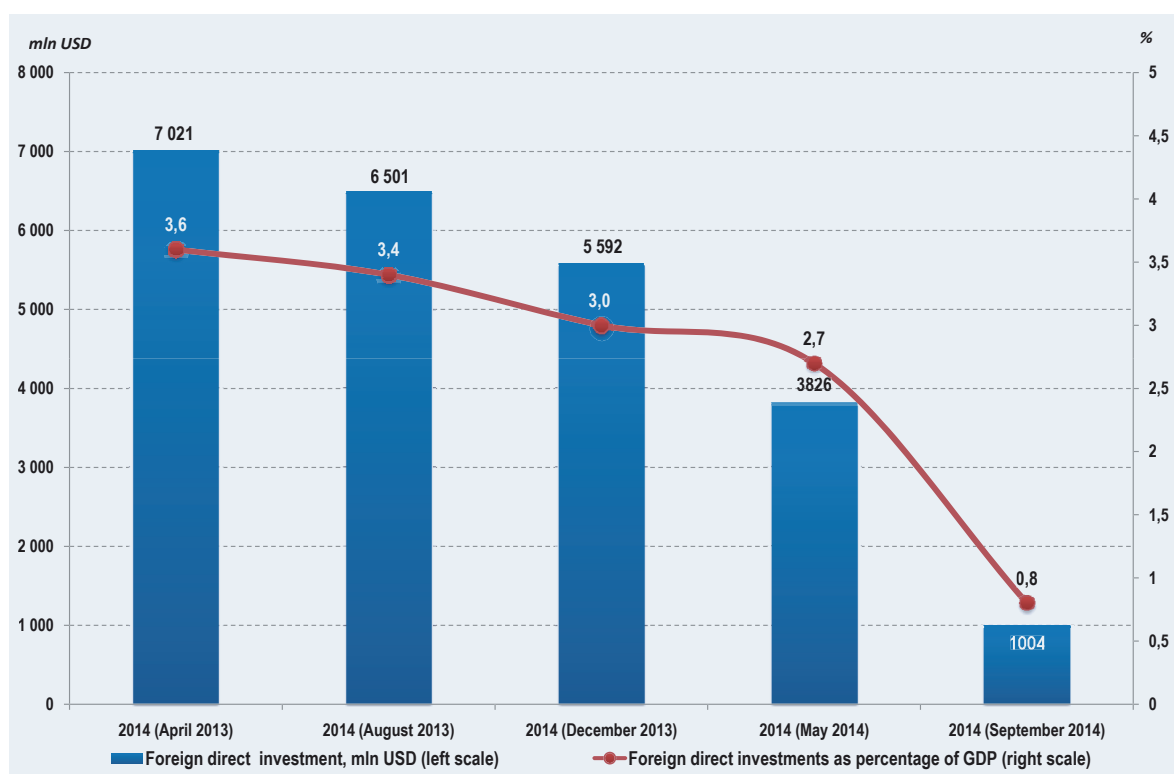


Figure 15. Consensus forecast of net influx of foreign direct investments in 2014

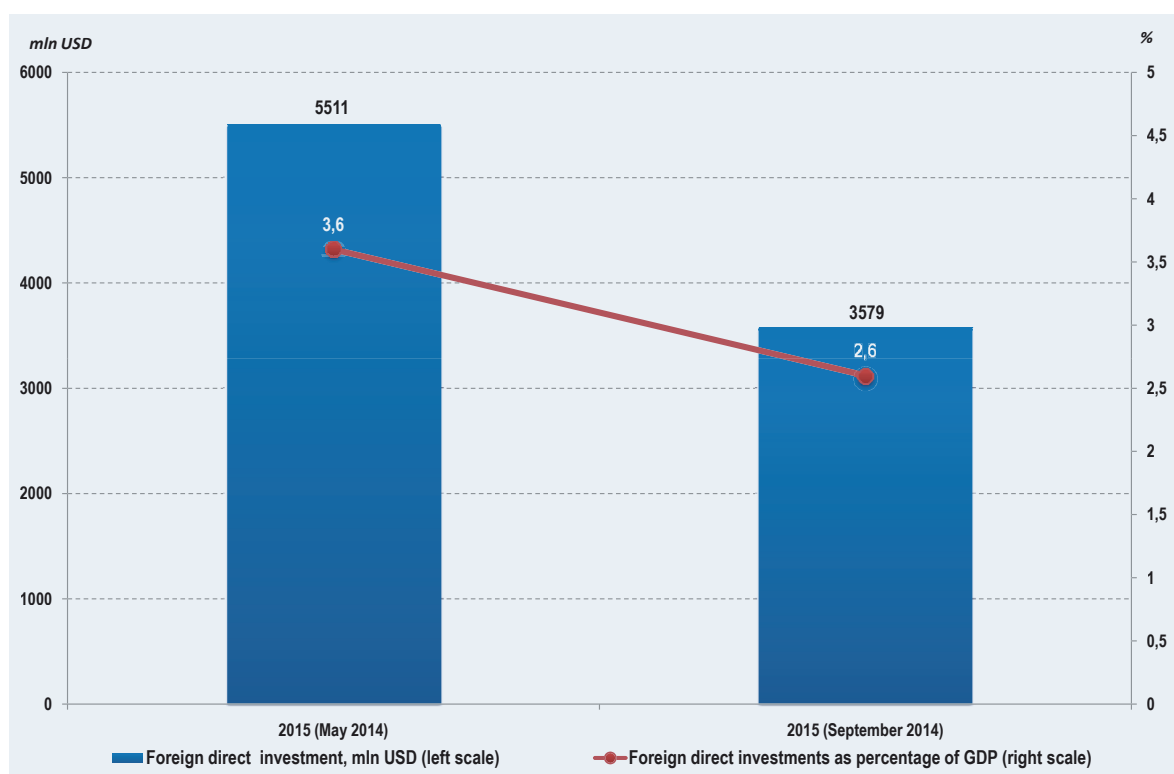


Figure 16. Consensus forecast of net influx of foreign direct investments in 2015

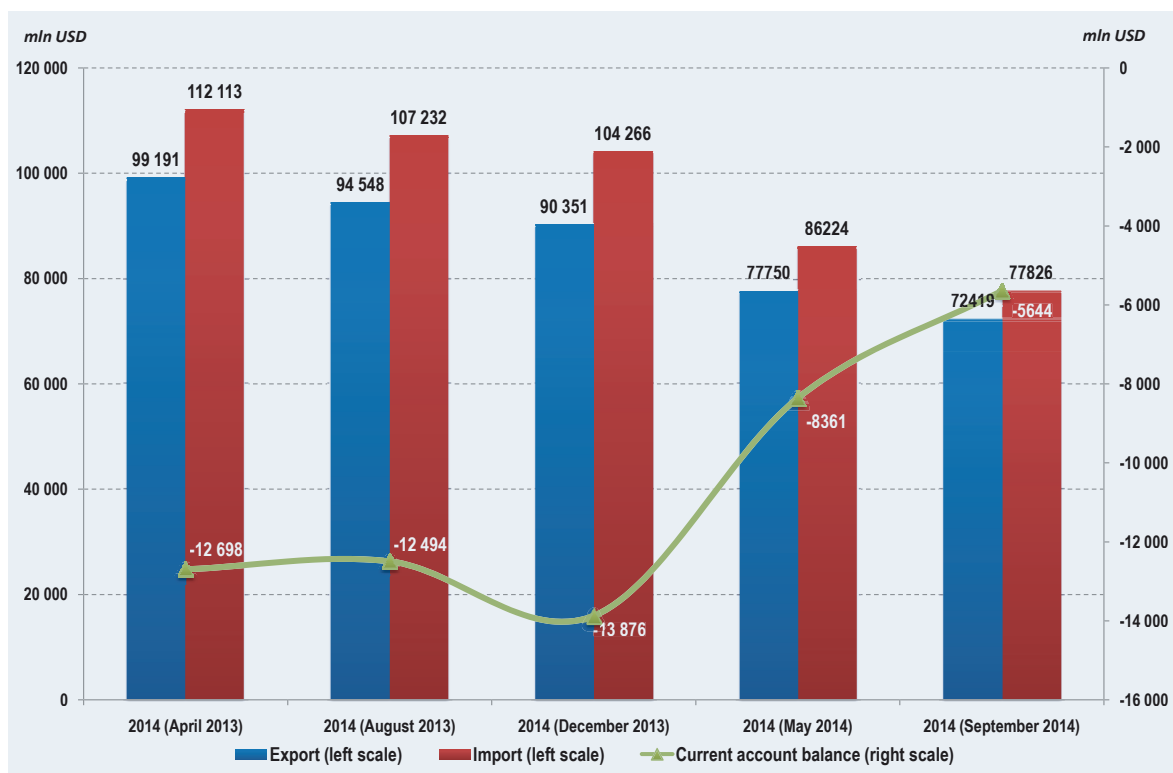


Figure 17. Consensus forecast of volume of exports and imports of goods and services and average value of the negative current account balance in 2014

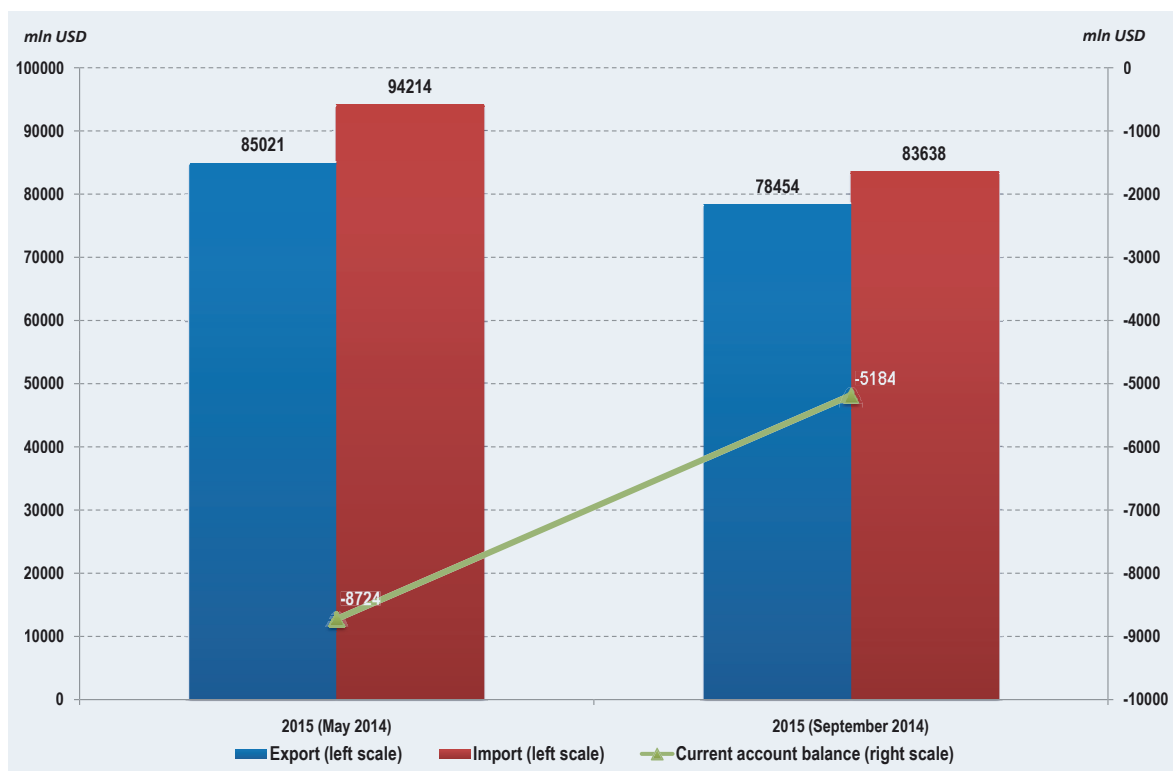


Figure 18. Consensus forecast of volume of exports and imports of goods and services and average value of the negative current account balance in 2015

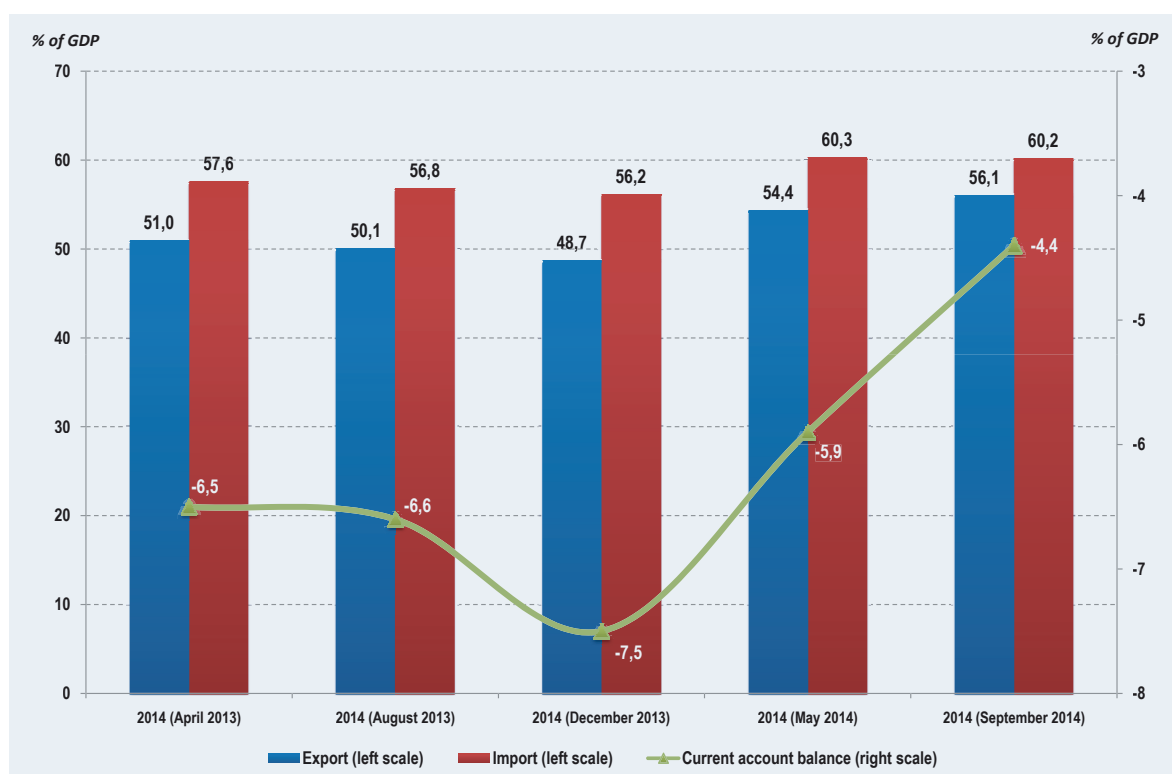


Figure 19. Consensus forecast of percentage of exports and imports of goods and services in the GDP structure and of the average value of negative current account balance in GDP in 2014

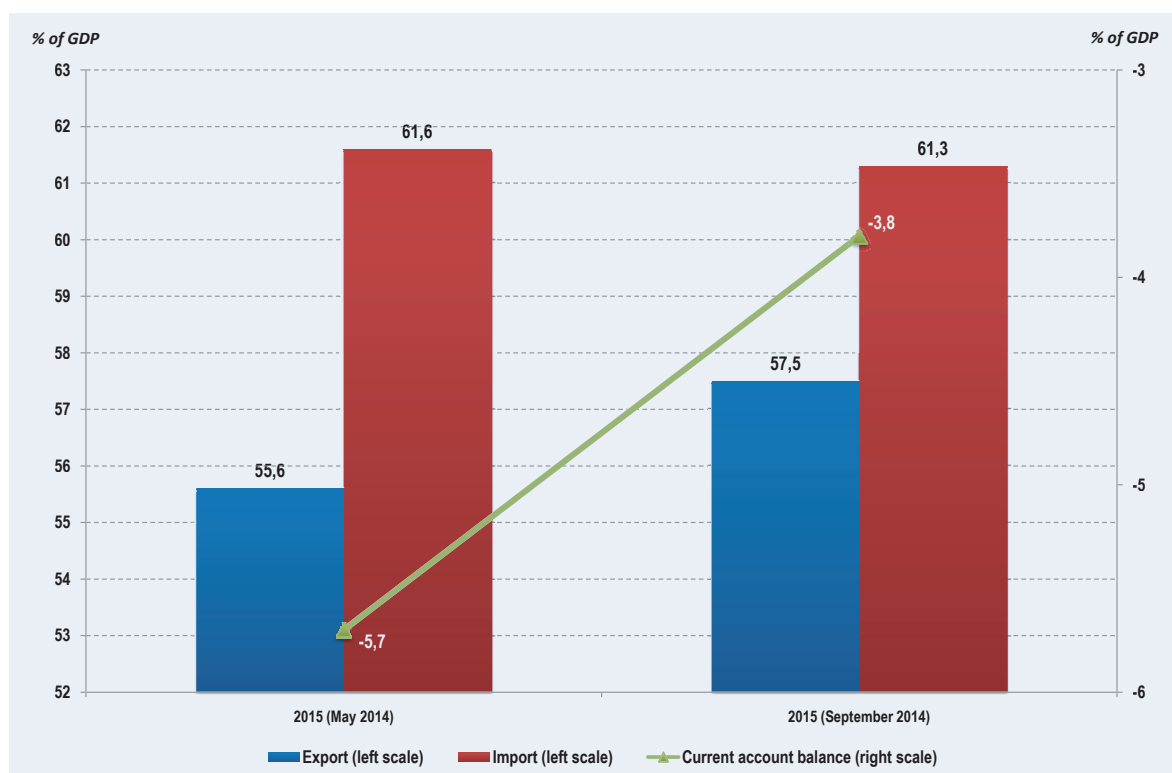


Figure 20. Consensus forecast of percentage of exports and imports of goods and services in the GDP structure and of the average value of negative current account balance in GDP in 2015

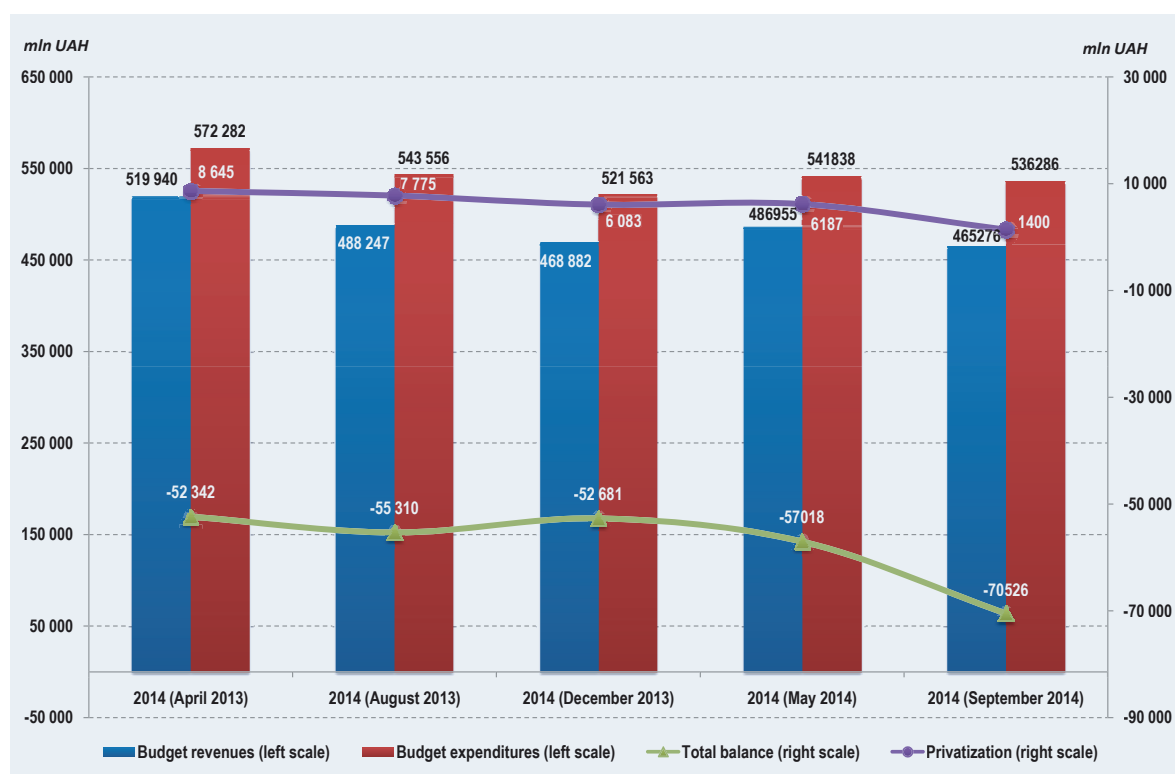


Figure 21. Consensus forecast of budgetary indicators in 2014

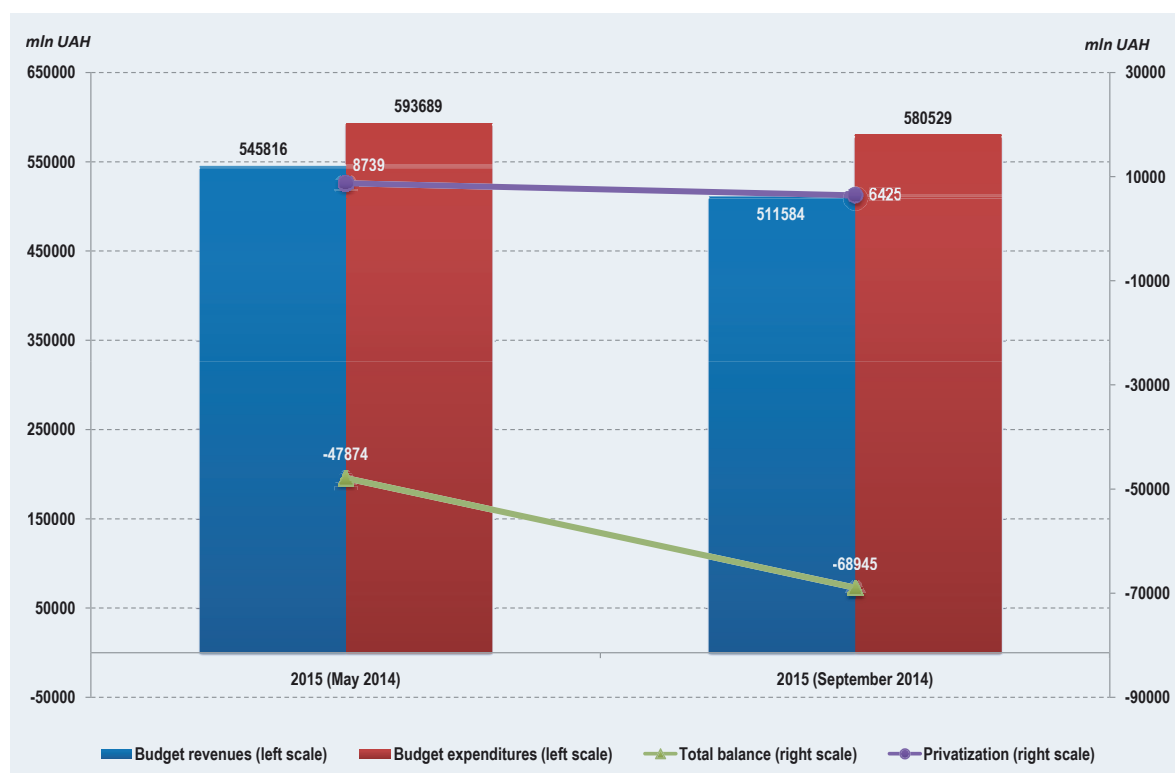


Figure 22. Consensus forecast of budgetary indicators in 2015

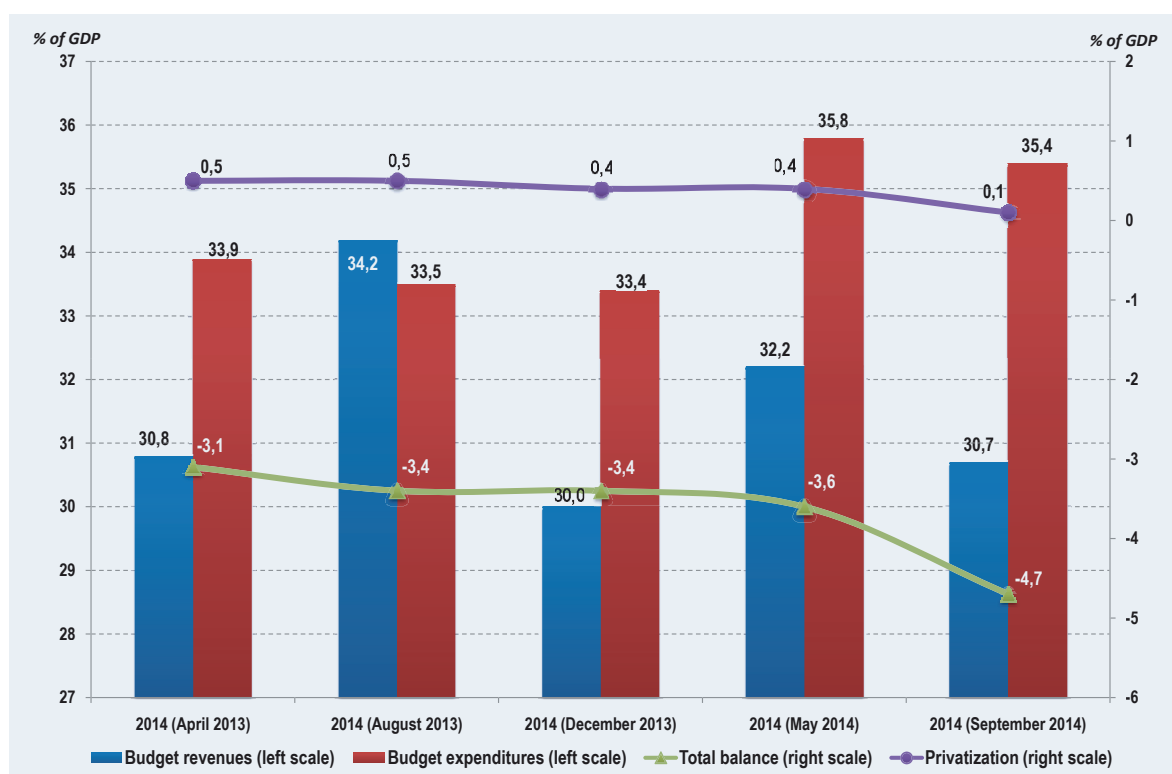


Figure 23. Consensus forecast of budgetary indicators as percentage of GDP in 2014

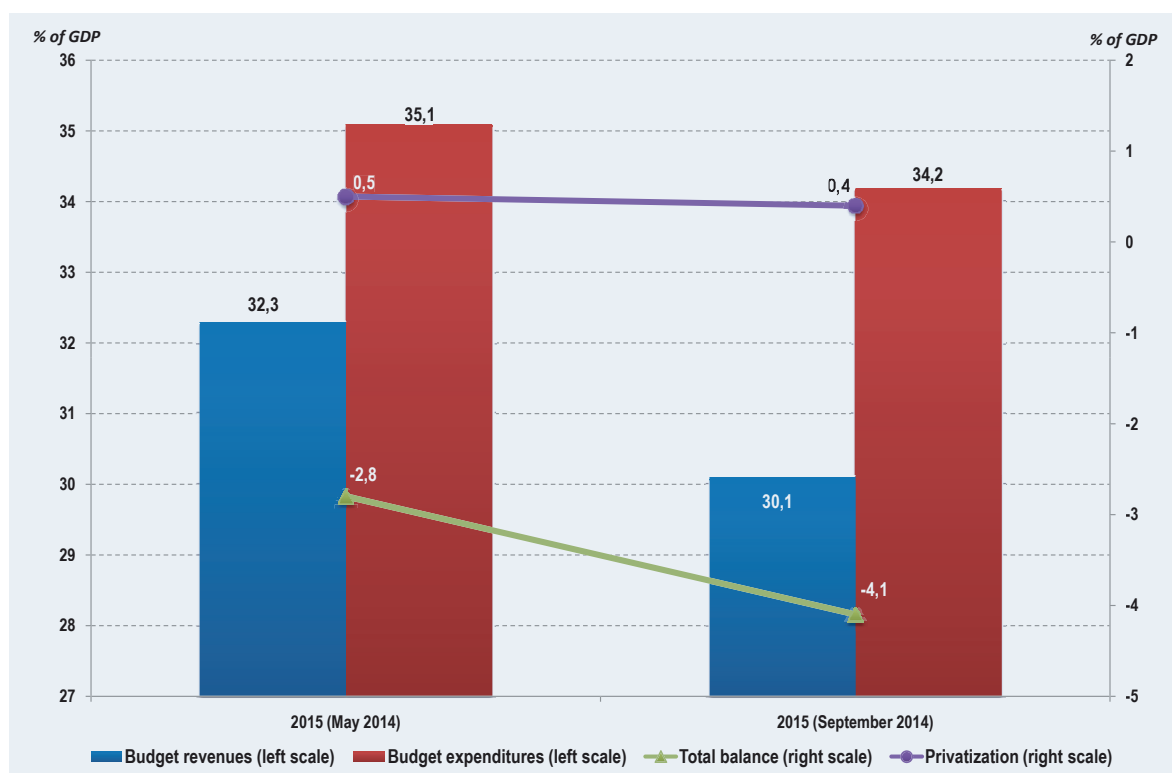


Figure 24. Consensus forecast of budgetary indicators as percentage of GDP in 2015

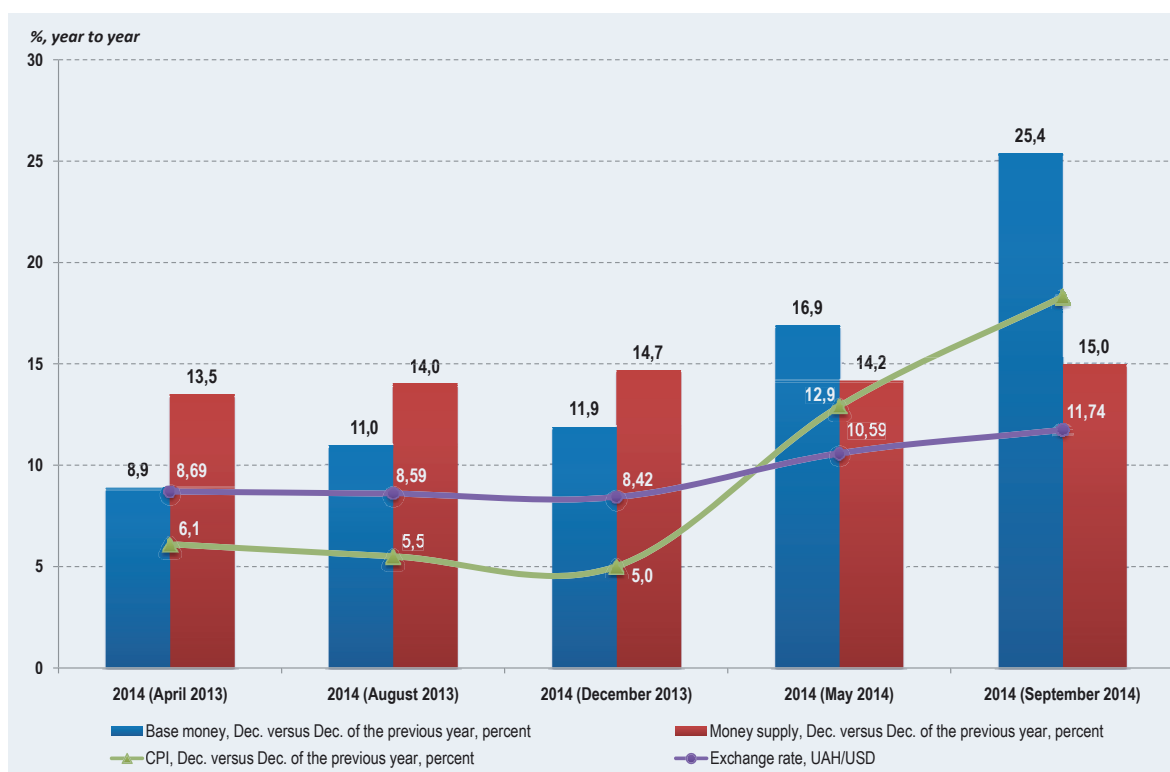


Figure 25. Consensus forecast of the monetary market indicators in 2014

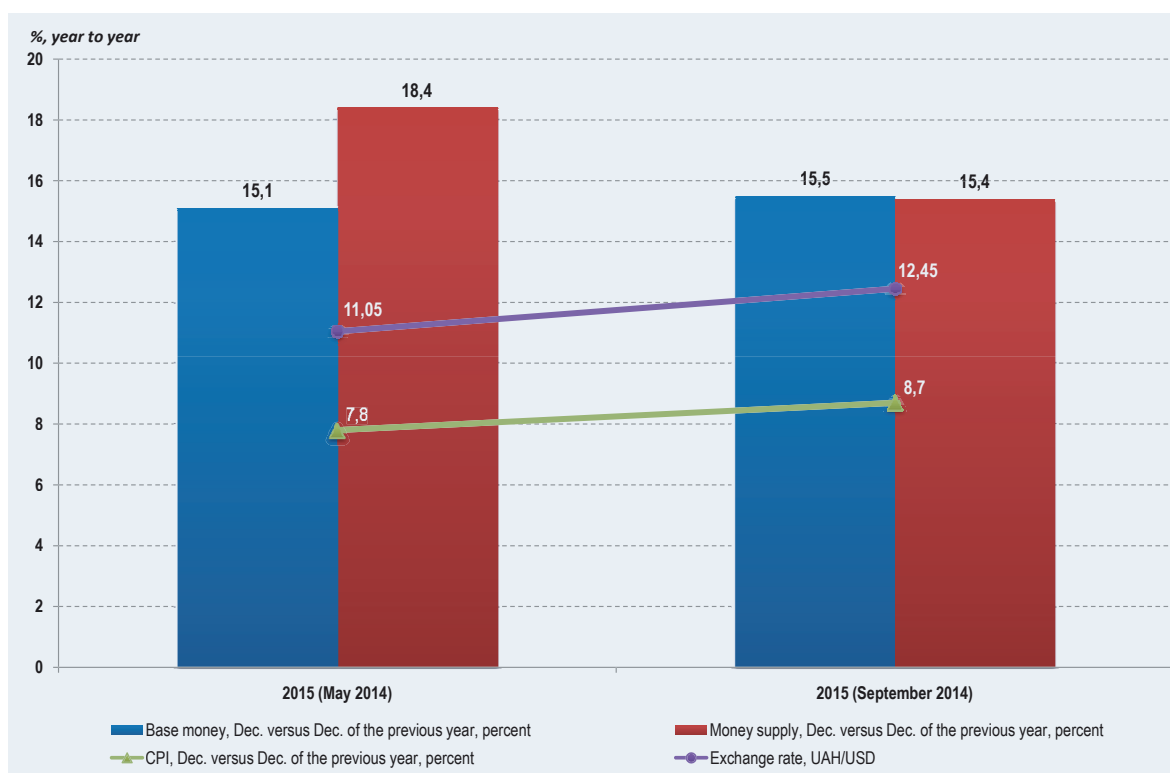


Figure 26. Consensus forecast of the monetary market indicators in 2015

Forecast Of Macroeconomic Indicators For 2016–2017 (Averaged)

A forecast of basic macroeconomic indicators for the period from 2016 through 2017 has been presented for the third time (Table 13).

In the medium term forecasting of macroeconomic indicators the experts have no common vision for the country development. Thus, significant differences in the forecast there are both in indicators and their components.

Consensus estimates for economic growth in Ukraine on average in the years 2016–2017 is 3.6%. The difference between the minimum and maximum value is 2 percentage points (range from 2.2% to 5.0%).

Basically, it is assumed that the main lever of economic growth will be expanding private consumption: the average value of real growth in private consumption 3.9%. But this component variation is more significant – 6.8 percentage points (from 1.2% to 8.0%).

According to experts rather modestly increase general government spending (consensus estimate of real growth in public consumption is 1.5%). But regarding this component specialists also have quite different estimates – a variation ranging from minus 1.1% to 5.0%).

Also some uncertainty in the predictions is observed with the investment component – average rate of real investment demand is 7.9% but the variation reaches 15.2 percentage points (from 3.8% to 19.0%). This indicates a different vision for the country in terms of modernization, improving scientific

and technological potential and strengthen competitiveness.

For the price situation, the expert opinion here differs significantly. In general, experts predict maintenance of relatively low inflation in the medium term: the average forecast consumer price index and producer price index (annual average) are 105.9% and 106.6%. But the difference between the minimum and maximum predicted values is also significant – 7.6 percentage points (variation of the consumer price index from 100.3% to 107.9%) and 7.4 percentage points (variation of the index of producer prices from 100.6% to 108.0%), respectively.

No consensus can be seen in medium-term forecast estimates of foreign trade development. In particular, current account balance estimates vary between minus 1.6% to minus 7.5% of GDP. The averaged value of goods and services export growth is 8.7% (growth variation 5.6% – 19.9%), that for import being also 8.0% (1.0% – 21.6% variation).

However, forecasts for average annual exchange rate of hryvnia to US dollar for 2016–2017 vary within 10.50–13.30 UAH/USD (averaged value being UAH/USD 12.56).

A less common position of experts also in the public sector: expected that budget spending will be greater than revenue in the medium term (averaged value of budget deficit is expected to be 2.8% of GDP for 2016–2017, maximal value being 3.5% of GDP).

Risks for 2014–2015

We offer you a consensus assessment of risks for 2014–2015.

The experts assessed the risks by 2 criteria: probability of realisation of a specific risk and impact of the risk on the economy of Ukraine.

The realisation of risks and their impact on the Ukrainian economy have been assessed according to the following scale:

Estimates of probability of occurrence realization	Estimates of occurrence impact on economy of Ukraine
Considerable probability (50–60%) of risk display – 4;	Significant impact – 4;
Medium probability (30–49%) of risk display – 3;	Moderate impact – 3;
Moderate probability (10–29%) of risk display – 2;	Small impact – 2;
Small probability (under 10%) of risk display – 1;	Insignificant impact – 1;
The risk is not probable – 0.	No impact – 0.

Based on the materials provided, an integral estimate of risks was calculated as a sum of occurrence probability estimates and occurrence impact on the economy of Ukraine weighed by the number of respondents.

Risks for 2014 were estimated for the fifth time whereas risks for 2015 were estimated for the second time. The highest possible consensus estimate of foreign and domestic risks has the integral estimate 16.

Considering the Ukrainian economy's significant dependence on external factors, the latter's impact on the domestic market situation, experts have dramatically increased their estimates of the probability of exactly external risks.

Leading positions among **foreign risks in 2014** has been given to risks, the existence of which is directly related to the escalating general geopolitical tensions and continuation of military confrontation in the eastern part of the territory of Ukraine: escalation of Ukrainian–Russian conflict (integral estimate 14); breaking trade and economic relations with Russian Federation (integral estimate 13); curtailing of investment plans by foreign companies or postponement of their realiza-

tion terms for future period (integral estimate 12); further complication of foreign economic relations with members of Customs Union (integral estimate 12); reducing the inflow of foreign investment and massive outflow of capital from Ukraine due to the political instability (integral estimate 12); recession the economy of Russian Federation through imposing sanctions by countries of the world (integral estimate 11).

Also high integral estimate has the following risks: deficit of external funding and shrinkage of possibilities of access to the international capital markets (integral estimate 10); decrease of prices at the world energy markets (integral estimate 9) and increase in the cost of external borrowing for Ukrainian corporations (integral estimate 9). At the same time high estimate (9) was given to implementation of Association Agreement between Ukraine and EU.

The highest integral estimate (13) among **domestic risks of 2014 year** has been given to: accumulation of the population's negative inflation expectations and remaining low credit activity of commercial banks.

Rather high position (integral estimate 12) has been occupied by risks associated with expansion of the real economy's insolvency; substantial increase of natural gas prices for municipal heat and power engineering enterprises; substantial increase of natural gas tariffs for the population; strengthening of devaluation tendencies at the monetary market; significant growth in the state budget deficit and cash gaps of the Pension Fund, other state social insurance funds and Naftohaz Ukrainy NJSC; substantial increase of natural gas tariffs for industry and risks of «a new wave» of destabilization in the banking sector.

Also high position has been occupied by risks: receiving high yield of crops (integral estimate 11); deterioration at the labor market: reducing the number of employees and increase the number of unemployed (integral estimate 11); carrying out considerable emission to finance the budget deficit (integral estimate 10); increase of debt on payment for housing and public utilities (integral estimate 10) and the growth of wage arrears (integral estimate 10).

Among **foreign risks for 2015** the highest integral estimate belongs to implementation of Association Agreement between Ukraine and EU (integral estimate 11).

At the same time, as of 2014, high estimates has been given to the following risks (integral estimate 10 for 2015):

- ✓ escalation of Ukrainian–Russian conflict;
- ✓ breaking trade and economic relations with Russian Federation;
- ✓ recession the economy of Russian Federation through imposing sanctions by countries of the world.

Expert's estimates of some risks decreased as of estimates for 2014: curtailing of investment plans by foreign companies or postponement of their realization terms for future period; further complication of foreign economic relations with members of Customs Union (for both risks from 12 to 9 accordingly); recession the economy of Russian Federation through imposing sanctions by countries of the world (from 11 to 10 accordingly); inflow of foreign investment and massive outflow of capital from Ukraine due to the political instability (from 12 to 7 accordingly); deficit of external funding and shrinkage of possibilities of

access to the international capital markets (from 10 to 8 accordingly) and increase in the cost of external borrowing for Ukrainian corporations (from 9 to 7 accordingly).

The risk of decrease of prices at the world energy markets remained unchanged (estimate 9).

Among **domestic risks for 2015** the greatest integral estimate (10) has risks of expansion of the real economy's insolvency and substantial increase of natural gas prices for municipal heat and power engineering enterprises.

Also the forecasters have high estimates (integral estimate 9) for such risks but they are lower than ones for 2014: accumulation of the population's negative inflation expectations (9 and 13 accordingly); remaining low credit activity of commercial banks (9 and 13 accordingly); substantial increase of natural gas tariffs for the population (9 and 12 accordingly); strengthening of devaluation tendencies at the monetary market (9 and 12 accordingly); substantial increase of natural gas tariffs for industry (9 and 12 accordingly) and receiving high yield of crops (9 and 11 accordingly).

Table 5

Integral estimates of Foreign risks for 2014–2015 (as of September 2014)

Foreign risks / phenomenon	2014			2015		
	Integral estimate	Probability estimates of occurrence realization	Estimates of occurrence impact on economy of Ukraine	Integral estimate	Probability estimates of occurrence realization	Estimates of occurrence impact on economy of Ukraine
Escalation of Ukrainian–Russian conflict	14	3	4	10	3	4
Breaking trade and economic relations with Russian Federation	13	3	4	10	3	4
Curtailling of investment plans by foreign companies or postponement of their realization terms for future period	12	4	4	9	2	3
Further complication of foreign economic relations with members of Customs Union	12	3	4	9	3	3
Reducing the inflow of foreign investment and massive outflow of capital from Ukraine due to the political instability	12	3	4	7	2	3
Recession the economy of Russian Federation through imposing sanctions by countries of the world	11	3	3	10	3	3
Deficit of external funding and shrinkage of possibilities of access to the international capital markets	10	3	4	8	2	4
Implementation of Association Agreement between Ukraine and EU	9	3	3	11	3	3
Decrease of prices at the world energy markets	9	3	3	9	3	3
Increase in the cost of external borrowing for Ukrainian corporations	9	3	3	7	2	3
Slow growth of the European countries	8	3	3	7	2	3
Slow recovery of the global economy	8	3	3	7	2	3
Deterioration of external economic conjuncture: strengthening volatility of prices at the world raw materials markets	8	2	3	7	2	3
Failure to obtain planned financing from the IMF	7	2	4	7	2	4
Euro devaluation and decrease of demand in the European Union	7	2	3	6	2	3
Increase of prices at the world energy markets	7	2	3	7	2	3
Further introduction of other countries allowed by the WTO trade restrictions that adversely affect the Ukrainian export	6	2	3	6	2	3
Strengthening of the military conflict in the Middle East	5	3	2	5	2	2
Slow growth of the USA economy	5	2	2	5	2	2

Table 6

Integral estimates of Domestic risks for 2014-2015 (as of September 2014)

Domestic risks / phenomenon	2014			2015		
	Integral estimate	Probability estimates of occurrence realization	Estimates of occurrence impact on economy of Ukraine	Integral estimate	Probability estimates of occurrence realization	Estimates of occurrence impact on economy of Ukraine
Accumulation of the population's negative inflation expectations	13	4	4	9	3	3
Remaining low credit activity of commercial banks	13	4	3	9	3	3
Expansion of the real economy's insolvency	12	3	4	10	3	3
Substantial increase of natural gas prices for municipal heat and power engineering enterprises	12	4	3	10	3	3
Substantial increase of natural gas tariffs for the population	12	4	3	9	3	3
Strengthening of devaluation tendencies at the monetary market	12	3	4	9	3	3
Significant growth in the state budget deficit and cash gaps of the Pension Fund, other state social insurance funds and Naftohaz Ukrainy NJSC	12	3	4	9	3	3
Substantial increase of natural gas tariffs for industry	12	3	3	9	3	3
Risks of «a new wave» of destabilization in the banking sector	12	3	4	8	2	3
Receiving high yield of crops	11	3	3	9	3	3
Deterioration at the labor market: reducing the number of employees and increase the number of unemployed	11	3	3	8	3	3
Carrying out considerable emission to finance the budget deficit	10	3	3	8	3	3
Increase of debt on payment for housing and public utilities	10	3	3	8	3	3
The growth of wage arrears	10	3	3	7	3	3
Accumulation of VAT refund debt	9	3	3	7	2	3
Effective implementation of the new policy of the Government of Ukraine	7	2	4	8	2	4
Default on obligations of the country	7	2	3	7	2	4
Privatization of state property at a cost lower than the potential due to the need to obtain primary financial resources to financing state obligations	7	2	3	5	2	2
Lack of incentives for implementation of the policy of inflation targeting	6	2	3	7	2	3
Abandonment by The National Bank of Ukraine from flexible exchange rate policy	6	2	3	6	2	3
Restoration of State Sovereignty of Ukraine in Crimea	5	2	3	7	2	3
Increase of revaluation tendencies at the monetary market	4	2	3	5	2	3
Decline of the population's inflation expectations	3	1	3	6	2	3

Table 7

Dynamics of Integral Estimates for 2014

Risks / phenomenon in April 2013 – September 2014	Integral estimates of risks				
	2014				
	April 2013	April 2013	December 2013	May 2014	September 2014
Foreign risks					
Escalation of Ukrainian–Russian conflict	x	x	x	x	14
Breaking trade and economic relations with Russian Federation	x	x	x	x	13
Curtailing of investment plans by foreign companies or postponement of their realization terms for future period	9	10	9	9	12
Further complication of foreign economic relations with members of Customs Union	x	x	x	x	12
Reducing the inflow of foreign investment and massive outflow of capital from Ukraine due to the political instability	x	x	x	x	12
Recession the economy of Russian Federation through imposing sanctions by countries of the world	x	x	x	x	11
Deficit of external funding and shrinkage of possibilities of access to the international capital markets	8	11	12	12	10
Implementation of Association Agreement between Ukraine and EU	x	x	x	x	9
Decrease of prices at the world energy markets	x	x	x	x	9
Increase in the cost of external borrowing for Ukrainian corporations	x	x	11	11	9
Slow growth of the European countries	x	x	x	x	8
Slow recovery of the global economy	x	x	7	7	8
Deterioration of external economic conjuncture: strengthening volatility of prices at the world raw materials markets	x	x	x	x	8
Failure to obtain planned financing from the IMF	10	10	11	11	7
Euro devaluation and decrease of demand in the European Union	6	6	4	4	7
Increase of prices at the world energy markets	8	8	6	6	7
Further introduction of other countries allowed by the WTO trade restrictions that adversely affect the Ukrainian export	x	x	9	9	6
Strengthening of the military conflict in the Middle East	6	6	5	5	5
Slow growth of the USA economy	6	6	6	6	5
Domestic risks					
Accumulation of the population's negative inflation expectations	7	7	7	12	13

Risks / phenomenon in April 2013 – September 2014	Integral estimates of risks				
	2014				
	April 2013	April 2013	December 2013	May 2014	September 2014
Remaining low credit activity of commercial banks	11	11	11	12	13
Expansion of the real economy's insolvency	8	9	8	11	12
Substantial increase of natural gas prices for municipal heat and power engineering enterprises	7	8	5	12	12
Substantial increase of natural gas tariffs for the population	6	6	5	11	12
Strengthening of devaluation tendencies at the monetary market	10	12	11	11	12
Significant growth in the state budget deficit and cash gaps of the Pension Fund, other state social insurance funds and Naftohaz Ukrainy NJSC	9	13	12	10	12
Substantial increase of natural gas tariffs for industry	6	8	5	11	12
Risks of «a new wave» of destabilization in the banking sector	7	8	8	11	12
Receiving high yield of crops	x	x	x	7	11
Deterioration at the labor market: reducing the number of employees and increase the number of unemployed	x	x	x	11	11
Carrying out considerable emission to finance the budget deficit	9	11	11	8	10
Increase of debt on payment for housing and public utilities	6	7	5	8	10
The growth of wage arrears	5	7	7	8	10
Accumulation of VAT refund debt	7	7	9	9	9
Effective implementation of the new policy of the Government of Ukraine	x	x	x	8	7
Default on obligations of the country	x	x	x	6	7
Privatization of state property at a cost lower than the potential due to the need to obtain primary financial resources to financing state obligations	x	x	x	5	7
Lack of incentives for implementation of the policy of inflation targeting	x	x	x	x	6
Abandonment by The National Bank of Ukraine from flexible exchange rate policy	x	x	x	4	6
Restoration of State Sovereignty of Ukraine in Crimea	x	x	x	4	5
Increase of revaluation tendencies at the monetary market	4	3	3	4	4
Decline of the population's inflation expectations	x	x	4	3	3

Table 8

Dynamics of Integral Estimates for 2015

Risks / phenomenon in May 2014 – September 2014	Integral estimates of risks 2015	
	May 2014	September 2014
Foreign risks		
Implementation of Association Agreement between Ukraine and EU	x	11
Breaking trade and economic relations with Russian Federation	11	10
Escalation of Ukrainian–Russian conflict	10	10
Recession the economy of Russian Federation through imposing sanctions by countries of the world	10	10
Curtailing of investment plans by foreign companies or postponement of their realization terms for future period	9	9
Further complication of foreign economic relations with members of Customs Union	9	9
Decrease of prices at the world energy markets	7	9
Deficit of external funding and shrinkage of possibilities of access to the international capital markets	8	8
Slow recovery of the global economy	9	7
Reducing the inflow of foreign investment and massive outflow of capital from Ukraine due to the political instability	8	7
Increase in the cost of external borrowing for Ukrainian corporations	7	7
Deterioration of external economic conjuncture: strengthening volatility of prices at the world raw materials markets	7	7
Failure to obtain planned financing from the IMF	6	7
Increase of prices at the world energy markets	6	7
Slow growth of the European countries	x	7
Euro devaluation and decrease of demand in the European Union	4	6
Further introduction of other countries allowed by the WTO trade restrictions that adversely affect the Ukrainian export	4	6
Strengthening of the military conflict in the Middle East	4	5
Slow growth of the USA economy	4	5
Domestic risks		
Expansion of the real economy's insolvency	8	8
Substantial increase of natural gas prices for municipal heat and power engineering enterprises	10	10
Substantial increase of natural gas tariffs for the population	11	11
Remaining low credit activity of commercial banks	9	9
Substantial increase of natural gas tariffs for industry	9	9
Strengthening of devaluation tendencies at the monetary market	8	8
Accumulation of the population's negative inflation expectations	8	8
Receiving high yield of crops	8	8
Significant growth in the state budget deficit and cash gaps of the Pension Fund, other state social insurance funds and Naftohaz Ukrainy NJSC	7	7
Effective implementation of the new policy of the Government of Ukraine	9	9
Risks of «a new wave» of destabilization in the banking sector	8	8
Deterioration at the labor market: reducing the number of employees and increase the number of unemployed	8	8
Carrying out considerable emission to finance the budget deficit	8	8
Increase of debt on payment for housing and public utilities	6	6
Accumulation of VAT refund debt	7	7
The growth of wage arrears	6	6
Default on obligations of the country	5	5
Restoration of State Sovereignty of Ukraine in Crimea	5	5
Lack of incentives for implementation of the policy of inflation targeting	x	x
Abandonment by The National Bank of Ukraine from flexible exchange rate policy	5	5
Decline of the population's inflation expectations	5	5
Privatization of state property at a cost lower than the potential due to the need to obtain primary financial resources to financing state obligations	4	4
Increase of revaluation tendencies at the monetary market	4	4

Table 9

Consensus forecasts for 2014–2015

(as of September 2014)

Indicator	2014	2015	2014		2015	
	Average		MIN	MAX	MIN	MAX
Real sector	UAH million					
Nominal GDP	1 516 890	1 698 609	1 414 000	1 588 200	1 584 000	1 845 400
Consumption	1 389 742	1 520 286	1 296 000	1 472 200	1 425 600	1 685 200
Private	1 101 152	1 194 407	1 044 000	1 166 093	1 026 432	1 317 900
Government	289 517	315 796	267 868	319 072	288 253	354 600
Gross investments	204 463	242 405	180 548	239 349	199 363	271 246
Gross accumulation of the fixed capital	232 468	265 538	210 278	270 918	232 307	315 272
Private	218 261	247 605	204 814	235 699	224 491	267 856
Government	26 872	28 501	13 833	35 219	14 098	39 616
Net export of goods and non-factorial services	–64 349	–61 975	6 873	–121 172	37 682	–110 385
Gross national savings	152 045	183 202	108 020	201 642	154 200	216 778
	Index, year to year					
Real GDP	93,4	101,4	91,4	96,1	98,8	105,0
Consumption	93,3	100,9	88,4	99,5	98,4	104,0
Private	93,7	101,4	88,9	100,7	99,1	103,9
Government	91,8	99,7	85,0	99,0	95,9	106,0
Gross accumulation of the fixed capital	79,9	103,8	70,0	91,5	89,8	114,9
Exports of goods and services	91,5	104,2	85,8	98,5	97,5	112,4
Import of goods and services	85,1	102,9	75,0	96,3	94,5	111,7
Inflation	index					
Deflator of the GDP (annual average)	112,2	109,9	106,5	118,0	105,5	115,5
Consumer price index (annual average)	112,2	109,3	108,5	116,5	100,4	115,4
Dec. versus Dec. of the previous year	118,3	108,7	115,0	122,6	104,7	116,4
Producer price index (annual average)	114,3	110,0	109,0	119,5	100,7	118,7
Dec. versus Dec. of the previous year	121,9	110,1	112,7	129,0	103,5	119,3
External sector	USD million					
Current account	–5 644	–5 184	–228	–9 973	4 381	–9 331
Exports of goods and services	72 419	78 454	63 469	79 604	74 100	83 888
Import of goods and services	–77 826	–83 638	–71 407	–88 605	–69 978	–92 501
Revenue balance	–2 508	–2 889	–1 700	–4 000	–1 840	–4 000
Official transfers (net value)	2 271	2 889	1 600	3 800	2 000	4 500
Capital account balance	2 044	6 908	–5 500	15 500	1 000	15 000
Foreign direct investments	1 004	3 579	–1 200	9 000	1 400	9 500

End of table 9

Indicator	Indicator	2014	2015	2014		2015	
		Average		MIN	MAX	MIN	MAX
External sector		as percentage of the GDP					
Current account		-4,4	-3,8	-0,2	-8,3	3,7	-7,0
Exports of goods and services		56,1	57,5	49,8	62,5	48,2	63,4
Import of goods and services		-60,2	-61,3	-54,1	-69,2	-51,8	-71,2
Revenue balance		-1,9	-2,1	-1,2	-3,3	-1,2	-3,0
Official transfers (net value)		1,8	2,1	1,1	3,2	1,4	3,6
Capital account balance		1,6	5,1	-4,3	13,0	0,7	11,4
Foreign direct investments		0,8	2,6	-0,9	7,5	1,1	7,2
External sector		as percent, year to year (nominal)					
Exports of goods and services		88,0	109,5	77,4	99,4	102,4	121,2
Import of goods and services		79,7	107,0	71,4	94,1	98,0	125,0
Exchange rate		UAH / USD					
Average rate		11,74	12,45	10,94	12,60	11,00	14,20
Consolidated budget		UAH million					
All revenues		465 276	511 584	430 000	485 000	459 907	554 859
All expenditures		536 286	580 529	510 000	553 910	546 381	625 039
Total balance		-70 526	-68 945	-54 150	-84 988	-49 671	-93 542
Privatisation		1 400	6 425	100	3 000	1 000	15 000
Consolidated budget		% of GDP					
All revenues		30,7	30,1	28,3	32,2	27,8	31,6
All expenditures		35,4	34,2	33,9	36,3	33,0	36,6
Total balance		-4,7	-4,1	-3,6	-9,0	-3,0	-6,0
Privatisation		0,1	0,4	0,0	0,2	0,1	0,9
Money and credit							
Base money (as of the end of period), UAH mln		385 127	444 951	366 592	430 000	420 115	510 000
Dec. versus Dec. of the previous year, %		25,4	15,5	11,8	30,2	12,0	20,8
Money supply (M3) (as of the end of period), UAH mln		1 045 176	1 206 110	993 625	1 077 457	1 173 060	1 255 000
Dec. versus Dec. of the previous year, %		15,0	15,4	9,6	17,7	9,8	21,0
Weighted annual average rate on commercial banks' credits in the national currency, %, as of the end of period		17,2	16,4	16,1	18,0	14,0	20,0
Gross NBU international reserve, USD mln		17 029	21 634	15 000	20 500	18 000	29 094
Social indicators							
Population, million persons		44,7	44,6	41,2	45,5	40,8	45,4
changes in % versus previous year		98,4	99,7	90,7	99,9	99,0	100,0
Monthly average wage of workers, UAH		3 469	3 779	3 370	3 662	3 500	4 000
Disposable income of population, UAH bln		1 318	1 424	1 151	1 685	1 250	1 873

Table 10

Dynamics of The Consensus Forecast for 2014 (April 2013 – of September 2014)

Indicator	Year	April 2013	August 2013	Deviation (August 2013 / April 2013)	December 2013	Deviation (December 2013 / August 2013)	May 2014	Deviation (May 2014 / December 2013)	September 2014	Deviation (September 2014 / May 2014)
Real sector, UAH mln										
Nominal GDP		1 690 117	1 622 774	-4,0%	1 560 924	-3,8%	1 513 157	-3,1%	1 516 890	+0,2%
Consumption		1 497 200	1 441 194	-3,7%	1 417 377	-1,7%	1 370 710	-3,3%	1 389 742	+1,4%
Investments		315 950	299 804	-5,1%	253 231	-15,5%	238 847	-5,7%	204 463	-14,4%
Net export of goods and non-factorial services		-112 581	-112 118	-463	-122 339	+10 221	-105 685	-16 653	-64 349	+41 336
Gross national savings		201 091	217 656	+8,2%	189 639	-12,9%	157 470	-17%	152 045	-3,4%
Index, year to year										
Real GDP		103,3	102,3	-1,0 p.p.	101,5	-0,8 p.p.	95,4	-6,1 p.p.	93,4	-1,9 p.p.
Consumption		105,1	102,5	-2,6 p.p.	102,8	+0,3 p.p.	95,6	-7,2 p.p.	93,3	-2,3 p.p.
Gross accumulation of the fixed capital		104,5	105,1	+0,6 p.p.	103,4	-1,7 p.p.	91,4	-12,0 p.p.	79,9	-11,5 p.p.
Exports of goods and services		103,3	102,3	-1,0 p.p.	102,4	0,1 p.p.	95,7	-6,7 p.p.	91,5	-4,1 p.p.
Import of goods and services		104,2	103,3	-0,9 p.p.	103,4	0,1 p.p.	92,3	-11,1 p.p.	85,1	-7,2 p.p.
Inflation, index										
Consumer price index (annual average)		105,9	105,1	-0,8 p.p.	103,9	-1,2 p.p.	107,7	+3,8 p.p.	112,2	+4,5 p.p.
Dec. versus Dec. of the previous year		106,1	105,5	-0,6 p.p.	105,0	-0,5 p.p.	112,9	+7,9 p.p.	118,3	+5,5 p.p.
Producer price index (annual average)		107,7	107,4	-0,3 p.p.	105,9	-1,5 p.p.	109,1	+3,2 p.p.	114,3	+5,2 p.p.
Dec. versus Dec. of the previous year		108,0	107,7	-0,3 p.p.	107,2	-0,5 p.p.	114,4	+7,2 p.p.	121,9	+7,5 p.p.
External sector, USD million										
Current account		-12 698	-12 494	-204	-13 876	+1 382	-8 361	-5 514	-5 644	-2 717
Exports of goods and services		99 191	94 548	-4,7%	90 351	-4,4 %	77 750	-13,9%	72 419	-6,9%
Import of goods and services		-112 113	-107 232	-4,4%	-104 266	-2,8 %	-86 224	-17,3%	-77 826	-9,7%
Foreign direct investments		7 021	6 501	-7,4%	5 592	-14,0 %	3 826	-31,6%	1 004	-73,8%
External sector, % of GDP										
Current account		-6,5	-6,6	+0,1 p.p.	-7,5	+0,9 p.p.	-5,9	-1,6 p.p.	-4,4	-1,5 p.p.
Exports of goods and services		51,7	50,1	-1,6 p.p.	48,7	-1,4 p.p.	54,4	+5,7 p.p.	56,1	+1,7 p.p.
Import of goods and services		-57,6	-56,8	-0,8 p.p.	-56,2	-0,6 p.p.	-60,3	+4,1 p.p.	-60,2	-0,1 p.p.
Foreign direct investments		3,6	3,4	-0,2 p.p.	3,0	-0,4 p.p.	2,7	-0,3 p.p.	0,8	-1,9 p.p.
External sector, % year to year (nominal)										
Exports of goods and services		107,6	104,9	-2,7 p.p.	105,5	+0,6 p.p.	95,5	-10,0 p.p.	88,0	-7,5 p.p.
Import of goods and services		106,2	103,8	-2,4 p.p.	105,2	+1,4 p.p.	90,1	-15,1 p.p.	79,7	-10,4 p.p.
Exchange rate, UAH / USD										
Average rate		8,69	8,59	-1,2%	8,42	-2,0%	10,59	+25,7%	11,7	+10,9%
End of period		8,84	8,74	-1,1%	8,66	-0,9%	10,84	+25,1%	-	-
Consolidated budget, UAH mln										
All revenues		519 940	488 247	-6,1%	468 882	-4,0%	486 955	+3,9%	465 276	-4,5%
All expenditures		572 282	543 556	-5%	521 563	-4,0%	541 838	+3,9%	536 286	-1,0%
Total balance		-52 342	-55 310	+2 968	-52 681	-2 629	-57 018	+4 337	-70 526	+13 508
Privatisation		8 645	7 775	-10,1%	6 083	-21,8%	6 187	+1,7%	1 400	-77,4%
Consolidated budget, % of GDP										
All revenues		30,8	30,1	-0,7 p.p.	30,0	-0,1 p.p.	32,2	+2,2 p.p.	30,7	-1,5 p.p.
All expenditures		33,9	33,5	-0,4 p.p.	33,4	-0,1 p.p.	35,8	+2,4 p.p.	35,4	-0,5 p.p.
Total balance		-3,1	-3,4	+0,3 p.p.	-3,4	0,0	-3,6	+0,2 p.p.	-4,7	+1,1 p.p.
Privatisation		0,5	0,5	0,0	0,4	-0,1 p.p.	0,4	0,0	0,1	-0,3 p.p.
Money and credit										
Base money (as of the end of period), UAH mln .		304 539	312 377	+2,6%	324 952	+4,0%	359 219	+10,5%	385 127	+7,2%
Dec. versus Dec. of the previous year, %		8,9	11,0	+2,1 p.p.	11,9	+0,9 p.p.	16,9	+5,0 p.p.	25,4	+8,4 p.p.
Money supply (M3) (as of the end of period), UAH mln		980 018	998 019	+1,8%	1 016 466	+1,8%	1 038 171	+2,1%	1 045 176	+0,7%
Dec. versus Dec. of the previous year, %		13,5	14,0	+0,5 p.p.	14,7	+0,7 p.p.	14,2	-0,5 p.p.	15,0	+0,8 p.p.
Average wage of workers, UAH		3 605	3 608	+0,1%	3 573	-1%	3 379	-5,4%	3 469	+2,7%

Table 11

Dynamics of The Consensus Forecast for 2015 (May 2014 – of September 2014)

Indicator	Year	May 2014	September 2014	Deviation (September 2014/ May 2014)
Real sector, UAH mln				
Nominal GDP		1 690 433	1 698 609	+0,5%
Consumption		1 497 988	1 520 286	+1,5%
Investments		278 094	242 405	-12,8%
Net export of goods and non-factorial services		-97 713	-61 975	+35 738
Gross national savings		180 017	183 202	+1,8%
Index, year to year				
Real GDP		102,2	101,4	-0,8 p.p.
Consumption		101,7	100,9	-0,7 p.p.
Gross accumulation of the fixed capital		102,5	103,8	+1,2 p.p.
Exports of goods and services		104,2	104,2	0,0 p.p.
Import of goods and services		103,6	102,9	-0,8 p.p.
Inflation, index				
Consumer price index (annual average)		108,6	109,3	+0,7 p.p.
Dec. versus Dec. of the previous year		107,8	108,7	+0,9 p.p.
Producer price index (annual average)		111,0	110,0	-1,1 p.p.
Dec. versus Dec. of the previous year		110,8	110,1	-0,8 p.p.
External sector, USD million				
Current account		-8 724	-5 184	-3 540
Exports of goods and services		85 021	78 454	-7,7%
Import of goods and services		-94 214	-83 638	-11,2%
Foreign direct investments		5 511	3 579	-35,1%
External sector, % of GDP				
Current account		-5,7	-3,8	-1,9 p.p.
Exports of goods and services		55,6	57,5	+1,9 p.p.
Import of goods and services		-61,6	-61,3	-0,3 p.p.
Foreign direct investments		3,6	2,6	-1,0 p.p.
External sector, % year to year (nominal)				
Exports of goods and services		108,6	109,5	+0,9 p.p.
Import of goods and services		106,8	107,0	+0,2 p.p.
Exchange rate, UAH / USD				
Average rate		11,05	12,4	+12,7%
Consolidated budget, UAH mln				
All revenues		545 816	511 584	-6,3%
All expenditures		593 689	580 529	-2,2%
Total balance		-47 874	-68 945	+21 071
Privatisation		8 739	6 425	-26,5%
Consolidated budget, % of GDP				
All revenues		32,3	30,1	-2,2 p.p.
All expenditures		35,1	34,2	-0,9 p.p.
Total balance		-2,8	-4,1	+1,2 p.p.
Privatisation		0,5	0,4	-0,1 p.p.
Money and credit				
Base money (as of the end of period), UAH mln		413 402	444 951	+7,6%
Dec. versus Dec. of the previous year, %		15,1	15,5	+0,5 p.p.
Money supply (M3) (as of the end of period), UAH mln		1 229 255	1 206 110	-1,9%
Dec. versus Dec. of the previous year, %		18,4	15,4	-3,0 p.p.
Average wage of workers, UAH		3 731	3 779	+1,3%

Table 12

Deviation of consensus forecasts for 2014 and 2015 (as of September 2014)

Indicator	Year	Consensus forecast for 2014 as of September 2014	Consensus forecast for 2015 as of September 2014	Deviation (2015 / 2014)
Real sector, UAH mln				
Nominal GDP		1 516 890	1 698 609	+12,0%
Consumption		1 389 742	1 520 286	+9,4%
Investments		204 463	242 405	+18,6%
Net export of goods and non-factorial services		-64 349	-61 975	+2 374
Gross national savings		152 045	183 202	+20,5%
Index, year to year				
Real GDP		93,4	101,4	+8,0 p.p.
Consumption		93,3	100,9	+7,6 p.p.
Gross accumulation of the fixed capital		79,9	103,8	+23,9 p.p.
Exports of goods and services		91,5	104,2	+12,6 p.p.
Import of goods and services		85,1	102,9	+17,8 p.p.
Inflation, index				
Consumer price index (annual average)		112,2	109,3	-2,9 p.p.
Dec. versus Dec. of the previous year		118,3	108,7	-9,6 p.p.
Producer price index (annual average)		114,3	110,0	-4,3 p.p.
Dec. versus Dec. of the previous year		121,9	110,1	-11,9 p.p.
External sector, USD million				
Current account		-5 644	-5 184	-460
Exports of goods and services		72 419	78 454	+8,3%
Import of goods and services		-77 826	-83 638	+7,5%
Foreign direct investments		1 004	3 579	+256%
External sector, % of GDP				
Current account		-4,4	-3,8	-0,6 p.p.
Exports of goods and services		56,1	57,5	+1,4 p.p.
Import of goods and services		-60,2	-61,3	+1,0 p.p.
Foreign direct investments		0,8	2,6	+1,8 p.p.
External sector, % year to year (nominal)				
Exports of goods and services		88,0	109,5	+21,5 p.p.
Import of goods and services		79,7	107,0	+27,3 p.p.
Exchange rate, UAH / USD				
Average rate		11,7	12,4	+6,0%
Consolidated budget, UAH mln				
All revenues		465 276	511 584	+10,0%
All expenditures		536 286	580 529	+8,2%
Total balance		-70 526	-68 945	-1 581
Privatisation		1 400	6 425	+359%
Consolidated budget, % of GDP				
All revenues		30,7	30,1	-0,6 p.p.
All expenditures		35,4	34,2	-1,2 p.p.
Total balance		-4,7	-4,1	-0,6 p.p.
Privatisation		0,1	0,4	+0,3 p.p.
Money and credit				
Base money (as of the end of period), UAH mln .		385 127	444 951	+15,5%
Dec. versus Dec. of the previous year, %		25,4	15,5	-9,8 p.p.
Money supply (M3) (as of the end of period), UAH mln		1 045 176	1 206 110	+15,4%
Dec. versus Dec. of the previous year, %		15,0	15,4	+0,4 p.p.
Average wage of workers, UAH		3 469	3 779	+8,9%

Table 13

Consensus forecasts for 2016–2017 (as of September 2014)

Indicator	Year	2016–2017		
		Average	MIN	MAX
Real sector				
Nominal GDP, UAH mln		1 986 280	1 800 700	2 243 000
Actual GDP, index, year to year		103,6	102,2	105,0
Inflation				
Consumer price index (annual average)		105,9	100,3	107,9
Producer price index (annual average)		106,6	100,6	108,0
External sector		USD mln		
Current account		–6 302	–2 475	–13 000
Exports of goods and services		89 075	105 000	81 070
Imports of goods and services		–95 822	–86 316	–121 000
Foreign direct investments		6 063	3 200	9 500
External sector		% of GDP		
Current account		–4,0	–1,6	–7,5
Exports of goods and services		56,3	49,9	62,8
Imports of goods and services		–60,6	–53,3	–69,4
Foreign direct investments		3,8	1,9	5,7
External sector		as percent, year to year (nominal)		
Exports of goods and services		108,7	105,6	119,9
Imports of goods and services		108,0	101,0	121,6
Rate of exchange		UAH/USD		
Average		12,56	11,50	13,30
Consolidated budget		% of GDP		
All revenues		29,9	29,5	32,0
All expenditures		32,7	32,0	34,9
Total balance		–2,8	–1,5	–3,5
Money and credit				
Base money (as of the end of period), UAH mln		522 623	458 750	591 500
Dec. versus Dec. of the previous year, %		14,5	5,9	21,5
Money Supply (M3) (as of the end of period), UAH mln		1 453 364	1 289 400	1 655 300
Dec. versus Dec. of the previous year, %		16,6	6,4	26,7
NBU gross international reserves, USD mln		27 830	21 000	46 644
Social indicators				
Population, million persons		44,2	40,5	45,1
Monthly average wage of workers, UAH		4 396	3 893	4 765

Methodological explanations to Tables 2, 3, 9, 10, 11, 12 and 13

The aggregated nominal values were calculated as a simple averaged value of the sum of the relevant indicators presented by all the forecasting organizations that participated in the Consensus Forecast survey.

In order to equalize the averaged (consensus) figures of the aggregated nominal values with the sum of their components, the averaged values of structural indicators (such as, for example, consumption and investments) were calculated indirectly with the help of parts of these components in the aggregated value. For example, if an average weight of consumption in GDP is known, then a nominal value of consumption is equal to the sum of this weight and the value of the averaged consensus GDP calculated as a simple average.

Indexes were calculated as a simple average of the sum of the relevant indicators presented by all the organizations.

The average values of the indicators being forecasted as percentage of GDP (particularly, indicators of the external sector and budget) were calculated as a ratio of the averaged nominal value of the indicator to the relevant average GDP value. The indicators forecasted in US dollars were calculated as a percentage of GDP on the base of averaged annual exchange rate.

Growth rates of the monetary aggregates within the forecast for 2014 (as of September 2014) were calculated as the ratio of the simple averaged nominal value from individual forecasted indicators presented by the participants to the actual value of the relevant indicator for 2013, and for 2015 – as the ratio of the simple averaged nominal value from individual forecasted indicators presented by the participants to the relevant forecasted indicator for 2014 year.

Average values of the current account balance were calculated as the sum of average values of the items of the account. Average values of budget deficit / surplus were calculated as a difference between the average values of revenues and expenditures.

During preparation of the consensus forecast, the organizations attending the seminar provided the following materials:

- ✓ forecast assumptions regarding an economic policy to be pursued in 2014–2015, and some quantitative exogenous parameters of development (presented in Table 4);
- ✓ forecast of the main macroeconomic indicators for 2014 and 2015;
- ✓ additional text explanations given by some organizations regarding forecast assumptions;
- ✓ expert assessment of risks for 2014–2015 (presented in Table 5, 6, 7 and 8).

